

EXHIBIT K

Confidential Information Memorandum



Quincy Medical Center

Confidential Information Memorandum

April 2011



Navigant Capital Advisors, LLC

Quincy Medical Center

This Confidential Information Memorandum (the “Memorandum”) is being furnished to a limited number of parties involving a potential affiliation with or sale (the “Transaction”) of Quincy Medical Center (“Quincy”, the “Hospital”, or “QMC”) through its financial advisor, Navigant Capital Advisors, LLC (“NCA”). The Transaction may include some or all the Hospital’s affiliates. This Memorandum has been prepared solely to assist the recipient in deciding whether to proceed with further analysis of a Transaction.

Acceptance and use of this Memorandum and the information contained herein is governed by the terms of the previously executed Confidentiality Agreement, which strictly limits the circulation and copying of information embodied herein. Any person in possession of this Memorandum should familiarize himself or herself with such agreement before reading, circulating or using this Memorandum. This Memorandum may not be distributed, reproduced or used, and its contents may not be divulged, without the express written consent of the Hospital, for any purpose other than the evaluation of a Transaction by the person to whom this Memorandum has been delivered.

NCA will arrange all contacts for appropriate due diligence by prospective parties. All inquiries or requests for additional information should be submitted or directed to NCA. The Hospital reserves the right to require the return of this Memorandum to NCA at any time.

The information contained in this Memorandum was obtained from the Hospital and other sources. This Memorandum does not constitute an offer to sell or a solicitation of offers to buy securities of the Hospital. While the information contained herein is believed to be accurate and reliable, neither the Hospital nor NCA makes any representation or warranty (express or implied) as to the accuracy or completeness of such information. Only those representations and warranties contained in the definitive Transaction documentation shall have any legal effect. In no event will the Hospital, its management or NCA make any representations or warranties regarding this Memorandum, or the projections herein, in any such definitive documentation. In furnishing this Memorandum, the Hospital reserves the right to amend and replace the Memorandum at any time and undertakes no obligation to provide the recipient with access to additional information. Nothing contained in this Memorandum is, or should be relied upon as, a promise or representation as to the future. The pro forma and estimated financial information contained herein were prepared expressly for use herein and are based on certain assumptions and management’s analysis of information available at the time this Memorandum was prepared. Neither NCA nor its members, officers, associates or employees have audited the information contained herein and no warranty is provided as to the accuracy and completeness of this information. This Memorandum does not and, if hereafter supplemented, will not contain all of the information that may be required to evaluate a Transaction. Prospective parties are responsible for conducting their own investigation and analysis of the business, data and property described herein in making an investment decision regarding a Transaction. If and when authorized by the Hospital, interested parties will be allowed to conduct a comprehensive due diligence review of the operations and financial conditions of the Hospital, including discussions with the senior leadership of the Hospital.

**ALL COMMUNICATIONS AND INQUIRIES RELATED TO THIS MEMORANDUM SHOULD
BE DIRECTED TO NCA SOLELY. UNDER NO CIRCUMSTANCES SHOULD THE
HOSPITAL BE CONTACTED DIRECTLY.**



Navigant Capital Advisors, LLC
1180 Peachtree Street, Suite 1900
Atlanta, Georgia 30309
Phone: (404) 575-4123
Fax: (404) 504-2023
Member FINRA

Navigant Capital Advisors, LLC

Ed Casas <i>Senior Managing Director</i> (847) 583-1619 ecasas@ncacf.com	Greg Hagood <i>Managing Director</i> (404) 504-2017 ghagood@ncacf.com	Matt Caine <i>Director</i> (404) 504-2010 mcaine@ncacf.com
Rob Ullman <i>Vice President</i> (415) 356-7101 robert.ullman@ncacf.com	Ken Benton <i>Associate</i> (404) 504-2007 ken.benton@ncacf.com	Mary Missbach Dressler <i>Associate</i> (404) 504-2019 mdressler@ncacf.com

**RECIPIENTS OF THIS MEMORANDUM WHO DO NOT WISH TO PURSUE THIS
MATTER OR WHO ARE REQUESTED BY THE HOSPITAL OR NCA
MUST RETURN THIS MEMORANDUM IMMEDIATELY TO:**

Mary Missbach Dressler
Associate
Navigant Capital Advisors, LLC
1180 Peachtree Street, Suite 1900
Atlanta, Georgia 30309
Phone: (404) 504-2019
Fax: (404) 504-2023

Table of Contents

	<u>Page</u>
I. EXECUTIVE SUMMARY.....	1
A. Business Overview.....	1
B. Corporate Organization.....	4
C. Summary Financial Data.....	5
D. Recent Developments	6
E. Transaction Rationale	11
II. INVESTMENT CONSIDERATIONS	12
III. MARKET AREA AND COMPETITION	13
A. Local Market Demographics.....	13
B. Competition.....	17
IV. BUSINESS DESCRIPTION	20
A. History.....	20
B. Hospital Facilities	22
C. Hospital Services.....	25
D. Medical Staff.....	33
E. Payor Mix.....	35
F. Revenue Cycle Management	35
G. Information Systems and Controls.....	36
H. Board of Trustees	39
I. Management and Employees	40
J. Community Focus	45
K. Educational Affiliations	47
L. Corporate Compliance	49
M. Governmental Regulation and Licensure.....	50
N. Insurance and Risk Management	50
O. Environmental Matters.....	51
P. Legal Issues.....	52
V. HISTORICAL FINANCIAL PERFORMANCE.....	53
VI. PROJECTED FINANCIAL PERFORMANCE	57

APPENDICES

- A. Quincy Medical Center Audited Financial Statements for 2008 – 2010

Quincy Medical Center

Quincy Medical Center: A Leading Community Facility



Advanced Healthcare Equipment

Deep and Loyal Local
Community Support



Private Patient Wellness Rooms

Highly Qualified and Caring Staff



EXECUTIVE SUMMARY

A. BUSINESS OVERVIEW

Quincy Medical Center (“QMC” or the Hospital”) is a private, non-profit, 501(c)(3) community hospital located in Quincy, Massachusetts (“Quincy” or the “City”), approximately 10 miles south of Boston. The Hospital is a full service acute care hospital with 196 licensed beds, approximately 91 staffed beds, and a medical staff that includes over 340 physicians. Also located at QMC is a 38-bed long term acute care hospital (“LTACH”) unit in space leased to and operated under the license of Radius Specialty Hospital (“Radius”). With more than 100 years serving the residents of Quincy and the South Shore region, QMC is a fixture in the community and an integral healthcare resource and contributor to the local economy.

CHART A
QUINCY MEDICAL CENTER



The Hospital provides a full range of inpatient and outpatient medical services to meet the needs of area residents. Services provided include full service emergency room, general surgery, vascular and endovascular surgery, surgical oncology services, cardiovascular care, stroke services, geriatric care and women’s health services. In addition, through QMC’s lease to Radius, an LTACH unit operates on the Hospital’s campus.

Through its affiliation with Tufts Medical Center, QMC has expanded its surgical capacity and introduced new programs and technologies to provide outstanding care for patients and optimal

service to referring physicians. QMC now offers specialized endovascular procedures as well as an expanded surgical oncology program that includes two new clinics, one focusing on breast disease and the other on thoracic surgery.

As a leading community healthcare provider in Quincy, QMC has distinguished itself with numerous industry awards and national recognition. The Hospital is highly regarded for its cardiovascular services and was recognized in 2009 and 2010 by the American Heart Association for achievement in using evidence-based guidelines to provide the best possible care to patients through The American Heart Association / American Stroke Association's Get With The Guidelines® program. Get With The Guidelines® is a hospital-based quality-improvement program designed to ensure that hospitals consistently care for cardiac and stroke patients by following the most up-to-date guidelines and recommendations. Additionally, in 2010 QMC received certification of its Cardiovascular Rehabilitation Program by the American Association of Cardiovascular and Pulmonary Rehabilitation ("AACVPR"). This certification recognizes the QMC Cardiac Rehab Program for its commitment to improving the quality of life by enhancing standards of care. QMC has also received an unconditional three-year approval as a Community Hospital Cancer Program from the American College of Surgeons' (ACoS) Commission on Cancer ("COC"). QMC received the highest possible quality rating with no deficiencies, a distinction shared by less than half of all COC-approved programs.

QMC is certified by the Department of Public Health as a Primary Stroke Service. The designation recognizes QMC's high quality care and established clinical protocols for the diagnosis and treatment of stroke patients and certifies that emergency diagnostic and therapeutic services are provided by a multidisciplinary team and are available at any time to patients presenting symptoms of acute stroke. The Hospital was also one of the first providers of geriatric psychiatry services in the Commonwealth of Massachusetts.

CHART B RECENT INDUSTRY RECOGNITIONS

- Joint Commission Accreditation 2010
- 2009 Excellence in End-of-Life Care Award presented by Beacon Hospice Inc.
- Recipient of a three-year approval as a Community Hospital Cancer Program from the American College of Surgeons' (ACoS) Commission on Cancer (COC)
- Get With The Guidelines® 2010 Gold Performance Achievement Award - Coronary Artery Disease
- Recognized by the Stroke Collaborative Reaching for Excellence (SCORE) for improvement in stroke education in 2010
- Nurses Improving Care for Healthsystem Elders (NICHE) designation
- Certification by the American Association of Cardiovascular and Pulmonary Rehabilitation - Cardiac Rehabilitation program
- Accreditation by the College of American Pathologists' Laboratory Accreditation Program

CHART C SUMMARY OF HOSPITAL SERVICES

Surgical Care:

- General Surgery
- Anesthesiology & Pathology
- Minimally Invasive/Laparoscopic Surgery
- Breast (including reconstructive) Surgery
- Colorectal Surgery
- Cosmetic Surgery
- Ear, Nose and Throat Surgery
- Gynecologic Surgery
- Neurosurgery
- Ophthalmologic (eye) Surgery
- Orthopedic Surgery (Sports Medicine)
- Pediatric Surgery
- Podiatric (foot) Surgery
- Thoracic (chest) Surgery
- Urologic Surgery
- Vascular and Endovascular Surgery

Cardiovascular Center:

- Comprehensive diagnostic services, treatment and ongoing management
- Electrocardiography
- Exercise stress testing
- Transthoracic Echocardiogram
- Transesophageal Echocardiogram
- Event or Holter Monitoring
- Diagnostic Cardiac Catheterization

Cancer Care:

- Patient diagnostic and treatment services
- Surgical and medical treatment modalities, including chemotherapy
- Oncology Nurse Navigator

Diagnostic Imaging:

- Magnetic Resonance Imaging (MRI)
- Advanced Positron Emission Tomography/Computer Tomography (PET/CT) Scanning
- Digital Radiography
- Digital Mammography
- Breast MRI

Neurology:

- Highly-skilled neurologists and neurosurgeons who work with health providers in other specialties to diagnose, treat and manage cognitive disorders

Occupational Health Services:

- Physical Examinations
- Drug & Alcohol Testing
- Injury Management & Workers Compensation
- Immunizations and Medical Surveillance

Emergency Medicine:

- Comprehensive up-to-date emergency services
- Specialty certifications include: Advanced Cardiac Life Support, Pediatric Life Support, Neonatal Resuscitation and the Trauma Nurse Core course

Intensive & Critical Care:

- Rapid Response Team consisting of a physician, an intensive care nurse, and a respiratory therapist, who respond within minutes to evaluate patients who appear to be suffering an acute change in condition

Long Term Acute Care:

- 38 bed long term acute care hospital located within QMC, leased to and operated under the license of Radius Specialty Hospital

Primary and Women's Health:

- Primary and Consultative Care
- Mammography
- Breast Magnetic Resonance Imaging
- Ultrasound and Bone Densitometry

Pain Management:

- Multi-disciplinary, individualized approach to relieve and treat acute, sub-acute and chronic pain
- Epidural Steroid Injections
- Epidural/Intraplural Catheter Placement
- Intercostal Blocks
- Sacroiliac Joint Injections
- Sympathetic Blocks
- Trigger Point Injections

Rehabilitation Services:

- Physical therapy, occupational therapy and speech/language pathology services

Center for Healthy Aging:

- Cognitive Disorders Clinic
- Alzheimer's Disease Center
- Comprehensive, high quality, compassionate psychiatric and medical care for older adults
- Quincy Heights – a 22 bed secure, inpatient geriatric psychiatry unit on the QMC campus
- Partial hospital program

Sleep Disorders Center:

- Utilizes recording equipment to monitor brain wave activity, breathing efforts, oxygen levels, heart rhythm, eye movements and body activity in order to develop a treatment plan

Nutritional Services

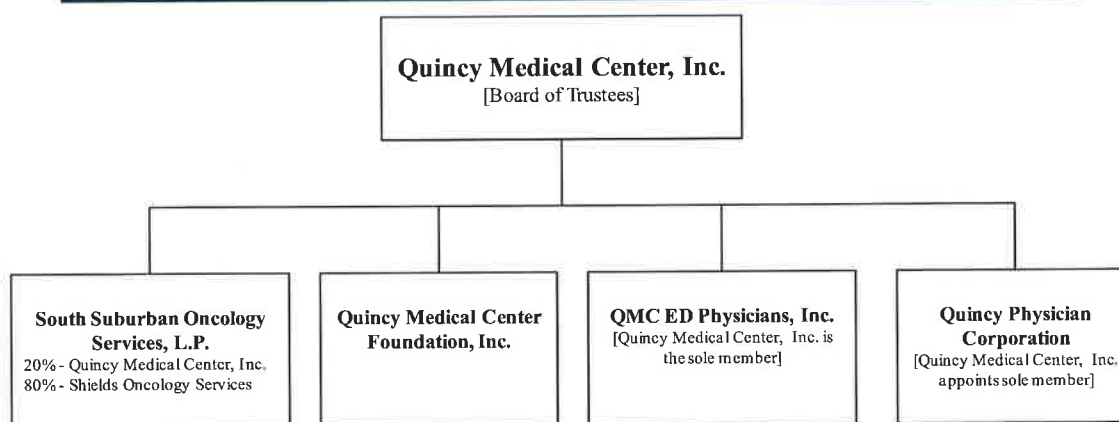
- Expert nutritional counseling and related services

B. CORPORATE ORGANIZATION

Until 1999, QMC was a municipal hospital, operating under a separate enterprise fund of Quincy. In 1999, the assets and many of the liabilities of the municipal hospital were transferred to QMC. At the time of privatization, it was recognized that QMC would need to form an affiliation with a strong tertiary teaching medical center. Based on a request for proposals (“RFP”) process, Boston Medical Center (“BMC”) was identified as the clinical partner for QMC. The relationship between QMC and BMC was formalized through legislation authorizing the privatization, through an affiliation agreement, among QMC, BMC, and Quincy, and through a clinical affiliation agreement between QMC and BMC. The clinical affiliation agreement with BMC provided for a variety of in-kind services relating to items such as clinical oversight, quality assurance, professional recruitment and teaching programs and services, expansion and support of the BMC Healthnet Plan system and joint marketing efforts.

In FY 2009, BMC and QMC concluded that BMC was no longer able to provide the needed support to QMC. With the goal of creating a strong community hospital based regional health care system, QMC entered into a clinical affiliation with South Shore Hospital. That affiliation was terminated after eight months, at which time QMC recognized that it would be better served by a new clinical affiliation with an academic medical center. On June 30, 2010, QMC and Tufts Medical Center announced their clinical affiliation, with the objective of creating a regional, comprehensively and clinically integrated system to provide reliable, high quality and cost effective resources to area residents. An important goal of the affiliation is to increase patient volume at QMC by expanding QMC’s services and supporting existing programs. When patients need tertiary-level care, Tufts Medical Center will be QMC’s preferred referral center.

**CHART D
CORPORATE ORGANIZATION**



- South Suburban Oncology Services, L.P. – resource for QMC patients who need radiation therapy
- Quincy Medical Center Foundation, Inc. – generates philanthropic support for the Hospital
- QMC ED Physicians, Inc. – physician services billing vehicle
- Quincy Physician Corporation – physician billing vehicle

C. SUMMARY FINANCIAL DATA

The following chart summarizes QMC's historical operating performance for the fiscal years ending September 30, 2008 to 2010 plus the six month periods ending March 31, 2010 and 2011 as well as a projection for the fiscal years ending September 30, 2011 and 2012. The historical year-end data was abstracted from QMC's audited financial statements, which were prepared by the independent accounting firm of Marcum, LLP. These audited statements are attached in Appendix A. The year-to-date information for 2010 and 2011 is derived from QMC's internally-prepared financial statements. The projections were prepared by QMC for the fiscal years 2011-2012. Projections are forward-looking and based upon estimates and assumptions, which are subject to significant economic and competitive uncertainties.

CHART E
SUMMARY OF FINANCIAL DATA (\$ in 000s)

\$ in 000s	FY ended September, 30,			6mo ended Mar 31,		FY ended September, 30,	
	2008 Audited	2009 Audited	2010 Audited	2010 Actual	2011 Actual	2011 Projected	2012 Projected
Revenues							
Net Patient Service Revenue	\$96,323	\$101,709	\$97,298	\$49,079	\$48,367	\$98,140	\$103,026
Other Operating Revenue	8,272	7,439	5,287	2,702	2,313	4,600	4,600
Net assets released from restrictions	365	250	416	0	0	0	0
Total Revenue	\$104,960	\$109,397	\$103,002	\$51,781	\$50,680	\$102,740	\$107,626
Operating Expenses							
Salaries and Wages	50,046	53,199	50,027	25,651	24,211	49,552	51,762
Benefits	10,924	11,011	10,417	5,578	5,377	11,201	11,993
Physician Fees	7,348	8,499	9,505	5,034	4,610	9,221	9,283
Supplies and Other	28,117	26,268	26,624	12,445	13,126	26,076	26,965
Insurance	1,045	1,025	911	485	502	999	1,015
Provision For Bad Debts	3,739	4,401	4,147	1,688	2,164	4,241	4,046
Total Operating Expenses	\$101,219	\$104,403	\$101,631	\$50,882	\$49,992	\$101,290	\$105,064
EBIDA	\$3,741	\$4,995	\$1,371	\$899	\$689	\$1,449	\$2,562
Margin	3.6%	4.6%	1.3%	1.7%	1.4%	1.4%	2.4%
Adjustments							
Restructuring Advisory ⁽¹⁾	192	0	626	101	0	0	0
Interim Management	0	0	105	0	20	20	0
Legal Fees	103	200	341	82	87	87	0
Severance	155	0	907	144	0	0	0
IT	613	9	0	0	175	175	0
Performance Improvements	0	0	0	0	0	296	2,475
Total EBIDA Adjustments	1,062.9	208.8	1,980.3	327.1	282.8	578.8	2,474.9
Adjusted EBIDA	\$4,804	\$5,203	\$3,351	\$1,226	\$971	\$2,028	\$5,037
Margin	4.6%	4.8%	3.3%	2.4%	1.9%	2.0%	4.7%

[1] Consists of historical restructuring expenses. \$192K relating to FTI - Cambio in 2008 and \$626K relating to Alvarez & Marsal in 2010 and \$101K for the six months ended March 2010.

Certain adjustments to the Hospital's financial statements have been made to more accurately reflect the underlying performance of the Hospital. Addbacks incorporate nonrecurring charges and include expenses related to historical restructuring advisory fees, interim management fees, legal expenses and severance.

D. RECENT DEVELOPMENTS***Background***

In May 2008, QMC issued \$60.25 million of variable rate Massachusetts Health & Educational Facilities Authority Series A Revenue Bonds. The proceeds from this issuance were used to refund the outstanding 1993 Bonds in the amount of \$35.17 million and to upgrade certain parts of the Hospital. However, the Hospital has continued to experience a decline in operating performance primarily due to a need for further capital improvements as well as competitive pressures in QMC's service area that have resulted in declines in QMC's market share and patient volumes. As a result, the Hospital failed to meet a minimum cash days on hand bond covenant at the end of FY 2009, triggering the requirement of an operational assessment of the Hospital by a third party industry consultant, Alvarez & Marsal.

Current Strategic Initiatives

In FY 2010, Hospital management developed a strategic plan focusing on certain performance improvement initiatives which include:

- Eldercare Outreach;
- Asian Market Outreach;
- Expansion of Clinical Services Through Tufts Medical Center Affiliation; and
- Cost Management Programs.

Eldercare Outreach

QMC is a leader in meeting the unique needs of older patients and developed its Center for Healthy Aging ("CHA") to provide a continuum of specialized services for this population. Over 16.4% of the population in the Hospital's service area is age 65 and over, compared to 13.5% for the Commonwealth of Massachusetts as a whole. As a result, QMC has commenced an outreach program to area skilled nursing facilities, assisted living facilities, and other elderly housing to provide basic clinical support. This outreach program is leading to improved elderly admissions volumes that will further expand the Hospital's market share among the local elderly population.

Asian Market Outreach

In response to Quincy's large concentration of Asian populations, QMC has a dedicated Asian outreach coordinator who is responsible for improving access to the Hospital for Asian patients and is overseeing the staff serving in the role of patient navigator. QMC has worked to provide access to care by providing signage on its shuttle buses that provide free transportation from the Massachusetts Bay Transit Authority ("MBTA"), along with business cards to provide patients access to navigation and interpretation services. It has recently launched a targeted marketing campaign focused on area Asian residents. Additionally, QMC provides regular screenings, lectures and other outreach activities in this community. During FY 2010, screenings, lectures and other outreach were held every month which resulted in hundreds of new Asian resident contacts. In April 2011, QMC will host a special event featuring Asian art and music to raise funds for its Asian Services Fund, which provides community outreach, health screenings, and numerous other services for the area's Asian population.

To further its Asian outreach, QMC has established relationships with the Manet Community Health Center, Inc. and South Cove Community Health Center. The Manet Community Health Center, Inc. is a multi-site community-based health center that hosts on-site clinics at QMC, focused on the primary healthcare needs of Quincy's Asian residents. South Cove Community Health Center is the premier Asian community health center of Massachusetts, serving approximately 25,000 patients annually. South Cove opened an office in Quincy in 1996 and has continuously expanded its facility to meet Quincy's growing Asian population.



Expansion of Clinical Services Through Tufts Medical Center Affiliation

The first clinical programs to be expanded at QMC as a result of its affiliation with Tufts Medical Center are in the areas of breast cancer and thoracic surgery. In November 2010, QMC opened two newly renovated surgical specialty clinics, one focusing on breast disease and the other on thoracic surgery, in conjunction with which three Tufts Medical Center physicians – two breast surgeons and a thoracic surgeon – joined the QMC medical staff to perform surgery at QMC on a regular basis. A vascular surgery clinic staffed by Tufts Medical Center surgeons has also been initiated at QMC. Other programs in development include enhanced orthopedic surgery, colorectal surgery, cardiology services, geriatric services, sleep lab services, and an expansion of QMC's primary care base. In conjunction with Tufts Medical Center, QMC also has plans for the creation of a new Wellness Center, to be located in the proposed Street-Works development project in downtown Quincy - a \$1.2 billion redevelopment project.

In order to highlight its expanding service offerings as a part of its affiliation with Tufts Medical Center, QMC has initiated a focused advertising and marketing campaign to educate the community on its high quality of care.

CHART F RECENT MARKETING COLLATERAL EXAMPLES



QMC and Tufts Medical Center have adopted a project management approach to managing the implementation of their joint initiatives and to methodically document the results. As a part of the affiliation, they created two working committees, the Joint Clinical Committee and the Joint Executive Committee, that are comprised of senior medical staff from both QMC and Tufts Medical Center. The Joint Clinical Committee meets weekly to identify and expand upon the services offered at QMC and to analyze progress on defined initiatives in order to fully maximize the Hospital's relationship with Tufts Medical Center. The Joint Executive Committee identifies areas of opportunity regarding the Hospital's executive developmental plans.

Cost Management Programs

In FY 2010, QMC began implementing certain operational improvements previously identified by third party consultant, Alvarez & Marsal, to achieve cost savings and improve revenue realization. In addition, certain product lines were consolidated or eliminated to improve the overall operating performance of the Hospital. The identified performance improvement

initiatives totaled approximately \$7.5 million. However, approximately \$1.0 million of the labor savings will be eliminated in FY 2011 based upon labor union contract negotiations and roll back of non-union salary reductions. For FY 2012, the full year impact is approximately \$2.0 million

CHART G PERFORMANCE IMPROVEMENT INITIATIVES

Initiative	FY2011
	Projected Value
Volume Growth	\$2,300,000
Labor Reductions & Productivity Improvement	3,400,000
Contracting & Supply Chain Savings	800,000
Revenue Cycle Improvements	1,000,000
Total	\$7,500,000

Further, Hospital management developed a strategic plan focused on enhancing existing programs. This included the recruitment of additional physicians to meet the needs of the Quincy community as well as changes in the Hospital's leadership structure – evidenced by engaging Interim CEO, John Kastanis, a 30-year industry veteran.

In March 2011, QMC retained Navigant Consulting, Inc. (“NCT”) and NCA (combined “Navigant”) to provide specified services to assist QMC in the continued implementation of certain performance improvement initiatives and to provide certain financial advisory services in connection with the Hospital's ongoing financial and operational restructuring initiatives. Navigant is in the inception stage of implementing initiatives in several areas to realize sizable improvements in cost management and revenue enhancement. The total performance improvement opportunity identified is approximately \$1.9 million.

**CHART H
INITIATIVES IDENTIFIED BY NAVIGANT**

<u>Net Revenue Opportunity</u>	Base Case
Clinical Documentation Improvement*	\$220,068
Revenue Cycle**	295,919
Total Revenue Opportunity	\$515,987
<u>Expense Opportunity</u>	Base Case
Labor Productivity	690,829
Care Management (LOS Management)	401,459
Total Expense Opportunity	\$1,092,288
Total P&L Improvement	\$1,608,275
<u>Cash Flow Opportunity</u>	Base Case
Revenue Cycle	310,978
Total Cash Flow Opportunity	\$310,978

For FY 2011 and FY 2012, QMC anticipates generating adjusted EBIDA of \$2.0 million and \$5.0 million, respectively, as Navigant's ongoing improvement strategy is estimated to yield strong results and additional value. The FY 2012 forecast includes approximately \$2.5 million of performance improvement initiatives, of which approximately \$1.3 million are related to QMC's Elder Care and Asian Market Outreach and another \$1.2 million is related to the phased implementation of performance improvement initiatives identified by Navigant.

QMC is well-positioned for future operational improvement. However, the Hospital's current leverage position, bond covenant requirements, and competitive pressures make it necessary for QMC to assess strategic alternatives in order to sustain its future ability to serve its community's healthcare needs. Under the direction of the Board of Trustees, QMC seeks to pursue a strategic transaction to partner with a well-capitalized, growth-oriented healthcare provider that desires to incorporate and advance QMC's mission of providing quality healthcare and improving the health status and quality of life for all citizens in its service area.

E. TRANSACTION RATIONALE

In order to strengthen the long term operating viability of the Hospital and enhance its access to capital, the QMC has commenced a process to explore strategic partnership opportunities with other hospital systems, including an affiliation with a larger not-for-profit hospital system or a sale of the Hospital's assets to a for-profit hospital system. In connection with this decision, the Board of Trustees has retained NCA as its financial advisor to assist in this process. QMC seeks to pursue a Transaction with a well-capitalized, growth-oriented hospital system.

QMC believes there is substantial opportunity for a larger hospital operator to realize significant synergies from revenue enhancement, service diversification and cost reductions by integrating QMC's financial and clinical operations into a larger system. These characteristics of the Hospital represent significant value to a party seeking to gain or increase a meaningful presence in QMC's service area.

Key transaction benefits presented by QMC include:

- Well-recognized community-based provider;
- Strategic location only minutes from downtown Boston;
- High quality/Cost efficient provider - listed as Tier 1 preferred under Alternative Quality Contract ("AQC") standards.
- Highly rated hospital with strong history and reputation in cardiovascular services; and
- Opportunity to generate operating synergies with a regional or national system (managed care contracting, physician recruitment, business development, and cost structure efficiencies).

INVESTMENT CONSIDERATIONS

Sole Community Provider with Strong Community Support. With over 100 years serving residents of Quincy and the South Shore area, the Hospital is a trusted healthcare provider playing a critical role in meeting the healthcare needs of its Service Area. A Transaction with QMC will provide a larger hospital system with access to QMC's diverse patient base and may result in an opportunity to provide additional clinical services through access to a broader range of specialists as a result of QMC's recent affiliation with Tufts Medical Center.

Substantial Opportunity to Generate Operating Synergies from Integration with Regional Hospital System. By partnering with a larger system, QMC could take advantage of larger patient volumes to receive preferred discounts from its supply chain and invest in the information systems that would enable it to optimize scheduling and inventory management. In addition, there is substantial opportunity to improve the capacity utilization of its medical staff through integration with a regional system.

History of Clinical Leadership. QMC has consistently provided the residents of Quincy and the South Shore area healthcare services with outcomes at or better than most national quality benchmarks, and it has delivered this care in a cost efficient manner as one of the lowest cost providers in the region. QMC has distinguished itself with numerous industry awards and national recognition. The Hospital was recognized in 2009 and 2010 by the American Heart Association/American Stroke Association's Get With The Guidelines® program. Additionally, in 2010 QMC received certification of its Cardiovascular Rehabilitation Program by the American Association of Cardiovascular and Pulmonary Rehabilitation. Other recent QMC recognitions include an unconditional three-year approval as a Community Hospital Cancer Program from the American College of Surgeons' (ACoS) Commission on Cancer ("COC"), and certification by the Department of Public Health as a Primary Stroke Service for high quality care and established clinical protocols for the diagnosis and treatment of stroke patients.

Strong Community Presence. Community support and leadership are integral to QMC's mission since the Hospital's founding over 100 years ago. The Hospital strives to provide access to leading healthcare in its community and supports several programs operated by other health care entities to reduce the barriers to care in its primary service area. Programs include:

- Women, Infants and Children Nutrition Program;
- Quincy/South Shore AIDS Cares;
- Quincy Medical Center Chest Clinic;
- Veteran's Administration Clinic; and
- The Manet Community Health Center, Inc.

The Hospital is also integral to the area's disaster preparedness and has collaborated with Quincy, State and Federal officials to assure a viable plan to address a potential pandemic, natural or bioterrorism disaster.

Strong Management Team. The Hospital's senior management team, possessing an average of 24 years of industry experience, is well versed in all aspects of hospital operations and strategies. These leaders have deep experience in competitive settings and maintain important relations and presence in their respective communities.

MARKET AREA AND COMPETITION

A. LOCAL MARKET DEMOGRAPHICS

The Hospital's primary service area ("PSA") includes three zip codes that comprise Quincy. Quincy shares borders with Boston to the north, Milton to the west, Randolph and Braintree to the south, and Weymouth and Hull to the east. The Hospital's secondary service area ("SSA") includes six zip codes that comprise the towns of Braintree and Weymouth. Refer to the chart below for an area map.

**CHART I
AREA MAP**



The population base in QMC's combined PSA and SSA (the "Service Area") grew 3.4% from 2000 to 2010, compared to 3.1% growth throughout Massachusetts. Quincy and Braintree experienced among the highest growth rates in the Commonwealth, with the population growing at 4.8% and 5.7%, respectively, over the 10-year period. Quincy is now the eighth largest city in the state.

**CHART J
SERVICE AREA POPULATION GROWTH TRENDS**

Area	2000	2010	Total Growth 2000-2010
Primary Service Area			
Quincy	88,025	92,271	4.8%
Secondary Service Area			
Braintree	33,828	35,744	5.7%
Weymouth	53,988	53,743	-0.5%
Total Service Area	175,841	181,758	3.4%
Commonwealth of Massachusetts	6,349,097	6,547,629	3.1%

Source: U.S. Census Bureau, 2010 Census

With over 16.4% of the population in the Hospital's Service Area age 65 and over, compared to 13.5% for the Commonwealth of Massachusetts, and with this population consuming a proportionately higher amount of health care services, there is strong demand for healthcare services within the Service Area.

CHART K POPULATION 65 YEARS AND OVER IN QMC SERVICE AREA

	Quincy	Braintree	Weymouth	Total Service Area	%	Commonwealth of Massachusetts	%
0-14 years	12,975	6,290	10,079	29,344	16.7%	1,259,376	19.8%
15-44 years	41,260	13,289	22,954	77,503	44.1%	2,809,799	44.3%
45-64 years	19,442	8,112	12,642	40,196	22.9%	1,419,760	22.4%
65+ years	14,348	6,137	8,313	28,798	16.4%	860,162	13.5%
Total	88,025	33,828	53,988	175,841	100.0%	6,349,097	100.0%

Source: USA 2000 Census. 2010 Census data for the above represented cities and age categories is not yet available.

Quincy, Massachusetts

Quincy is a vibrant city with prominent attractions and historical sites such as the Hancock Cemetery, the colonial community's first and main burial ground; the Thomas Crane Public Library, a national architectural landmark; the Adams Academy Society; the birthplace of John Hancock; the Dorothy Quincy Homestead; and the Josiah Quincy House, site of many Sons of Liberty meetings. Quincy is also known for its expansive coastline and Marina Bay, the largest marina in the Northeast.

Quincy has a very diverse employment base, with major employers in industries such as finance, healthcare, retail, trade, professional and technical services, construction, and wholesale manufacturing. Major employers in the area include: State Street Bank and Trust Company, Blue Cross Blue Shield, Boston Financial Data Services, and Stop and Shop Corporate, each with over 1,400 employees.

**CHART L
CITY OF QUINCY PRINCIPAL EMPLOYERS***

Company	Employees
State Street Bank and Trust Company	4,033
Blue Cross Blue Shield	1,911
Boston Financial Data Services	1,523
Stop and Shop Corporate	1,489
Harvard Pilgrim Health Care	631
Arbella Mutual Insurance Company	738
The Patriot Ledger	508
Boston Scientific	554

Source: Quincy City Hall

*Quincy is also the home of other major employers - Aviva Life Insurance, Granite City Electric, Guardian Life Insurance, J. Jill Group, National Fire Protection Association (NFPA), Thompson & Compumarc, and Work, Inc.

In January 2011, Quincy Mayor Thomas Koch and Street-Works Development, LLC signed a landmark \$1.2 billion Quincy Center redevelopment agreement that is expected to create nearly 10,000 jobs, setting in motion the largest private investment in Quincy's history. The project is estimated to create 4,100 construction jobs and 5,700 permanent jobs as part of a new mixed-use downtown that includes more than 1 million square feet of new office space, more than 700 housing units, two hotels, a cinema and entertainment complex, and 575,000 square feet of new retail and restaurant space in Quincy Center. At the heart of the master agreement is a financing mechanism that will require revenue from the new private development to pay for \$227 million in public infrastructure costs, a wholesale reversal of traditional urban redevelopment by requiring private investment to come first. It is estimated the first new private development could begin in 2013.

Many long-time local residents believe QMC provides high quality care at a reasonable cost and is therefore their provider of choice. The essential nature of QMC to the surrounding community is reflected in its strong, continuing relationship with the City. The relationship is evidenced in part by the forgiveness by the City in 2006 of the \$12.1 million loan it made as part of the Hospital's privatization plan. Further, in 2007 QMC applied for and received a \$2.5 million grant from the State's newly created Essential Healthcare Provider Trust Fund (the "Fund"). This was the second highest amount granted by the Fund to any hospital in the Commonwealth in 2007. QMC was awarded a second grant from this Fund in the amount of \$2.5 million in 2008, \$2 million in 2009, and \$1.1 million in 2010.

As discussed further in the Community Focus section of this memorandum, QMC has collaborated with government and other organizations within the community to improve the public health of Quincy's residents, better serve its population base and develop awareness of QMC's importance to the City. An important example of this is QMC's outreach initiatives with the Quincy's Asian population. In 2010, 22,174 or approximately 24.0% of the City's residents were of Asian descent, primarily Chinese and Vietnamese, compared to 5.3% for the Commonwealth of Massachusetts. Quincy's growing Asian-American community has long

relied on Chinatown in downtown Boston for any number of services, from grocery stores to restaurants to insurance agencies, but many believe that the opening of Kam Man supermarket and adjacent retail stores were the catalyst for more Asian-Americans to do business and socialize locally in Quincy.

Braintree, Massachusetts

The Town of Braintree is a suburban community with a strong residential character located approximately 12 miles south of Boston. The town is ideally situated for easy access to the Greater Boston area and Cape Cod and has excellent public transportation to Boston and Logan International Airport. The community has a mix of established neighborhoods, small clusters of new homes and several condominium complexes. There is a strong business base, which includes one of the largest regional shopping centers in the northeast: The South Shore Plaza. Attractive office and industrial parks are located in the town as well, because of its ideal location.

As evidenced by its sizable population growth from 2000 to 2010 at 5.7%, Braintree provides a strategic advantage for businesses and residents that want to be close to one of the biggest metropolitan areas in the country while also enjoying the benefits of a rural location. Braintree is known for its excellent public school system and parks and recreation program with the availability of many recreational resources such as Town Forest, Pond Meadow Park, Sunset Lake, Smith Beach, the Cranberry Pond Conservation District, the MDC Blue Hills Reservation trail system, and an 18-hole public golf course.

Weymouth, Massachusetts

Weymouth is a developed, residential community located approximately 12 miles south of Boston. Most of Weymouth's commercial development has taken place in four separate business districts in different geographic areas of town: Bicknell Square in north Weymouth, Columbian Square in south Weymouth, Jackson Square in east Weymouth and the Landing on the north western border with Braintree. These four town squares are connected by three state numbered transportation arteries, Route 18, Route 53 and Route 3A. These primary roadways have evolved into commercial corridors that have a mix of regional and national service and retail establishments as well as a number of small scale local businesses.

Weymouth's largest employer is South Shore Hospital, with upward of 5,000 employees, followed by the Town of Weymouth itself, including public school employees, with approximately 2,600 employees. The third largest employer in Weymouth is BJ's Wholesale Club. Most local jobs are in small businesses in the service and retail trades that cater to the local markets.

The limited amount of undeveloped land has triggered a new trend of redevelopment. There are current plans for the redevelopment of the former South Weymouth Naval Air Station ("SWNAS") which will have a positive effect on the local economy. The plan proposes to attract pharmaceutical, biomedical and high tech industries. Projections for employment range from 2,000 to 3,000 new, full time, permanent jobs to be created.

QMC competes for patients with other hospitals and healthcare providers in the southern segment of the greater Boston area. This competition has increased in recent years. QMC competes on the basis of quality of care and results achieved for each patient, skilled clinical personnel, breadth of services, responsiveness to payors, and delivering exceptional care in a cost efficient manner. Refer to the below chart for more detail regarding QMC's competitors.

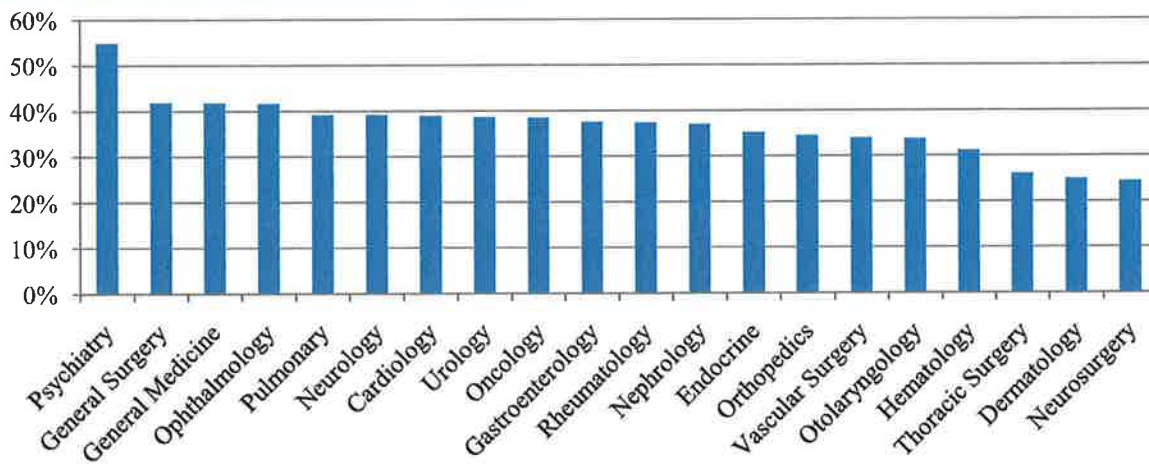
**CHART N
SUMMARY PRIMARY COMPETITORS**

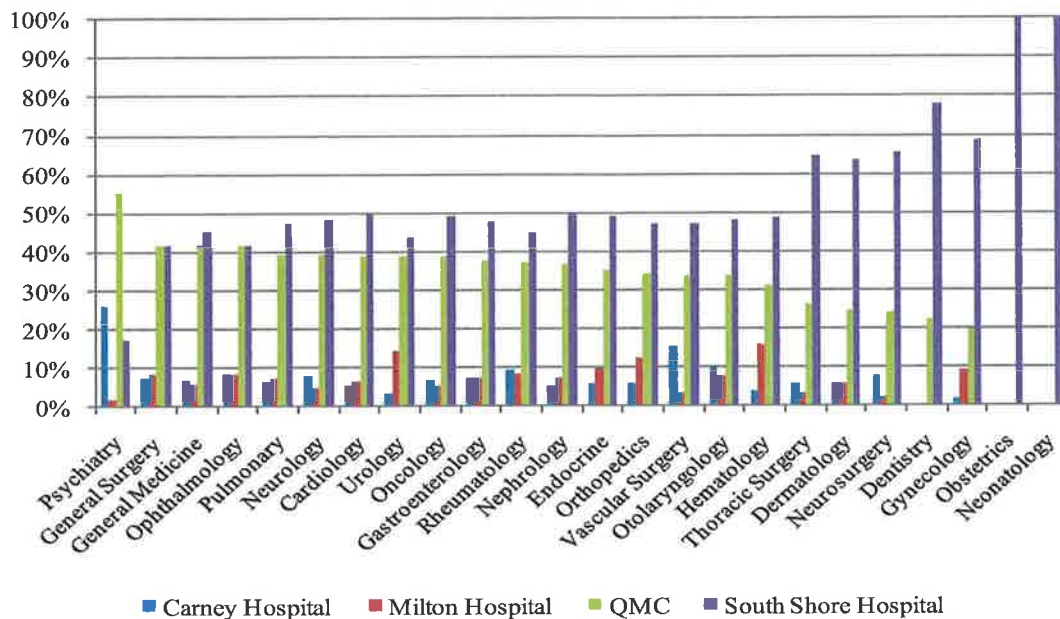
Healthcare System	FY 2010	
	Licensed Beds	PSA Discharges ¹
Carney Hospital*	153	6,601
Milton Hospital*	81	4,741
South Shore Hospital*	385	26,486
Quincy Medical Center	196	6,064

[1] Source: Boston Medical Center Quarterly Survey

*Weighted average licensed beds per Department of Health

QMC has successfully served the healthcare needs of its socioeconomically diverse market. However, over time, the Hospital began to experience a decline in operating performance primarily due to competitive pressures in the Service Area, the need for additional capital improvements at the Hospital, and the disruption related to the termination of the affiliation with BMC Medical Center in FY 2009, all of which have led to declines in market share and patient volumes. In spite of competitive pressures, however, the Hospital continues to maintain leading market positions in its primary service area across several of its key specialties: Psychiatry, General Surgery, and General Medicine with over 45% market penetration. The following charts are a comparison of statistics among QMC and its primary competitors*.

**CHART O
QMC SHARE OF DISCHARGES AMONG PRIMARY COMPETITORS (2009)***




*Source: Massachusetts Health Data Consortium. Market share measured by 2009 discharges among QMC and its primary competitors, Carney Hospital, Milton Hospital, and South Shore Hospital.

BUSINESS DESCRIPTION

A. HISTORY

QMC was originally founded in 1890 as Quincy City Hospital. In 1999, QMC was incorporated in conjunction with a Home Rule petition approved by the City of Quincy and the legislature of the Commonwealth of Massachusetts. With these approvals, QMC completed its transformation from a municipal hospital under the City of Quincy to a new nonprofit organization.

At the time of privatization, it was recognized that QMC would need to form an affiliation with a strong tertiary teaching medical center. Based on an RFP process, BMC was identified as the clinical partner. Over the next several years, QMC retained several third party consultants to assist the Hospital in identifying and executing performance improvement initiatives to realize improvements in cost management and revenue enhancement. As a part of those initiatives, QMC expanded several key units within the Hospital. In 2004, QMC expanded its CT Suite to include a new nurses' station, registration area, control room, two new CT scan rooms, and patient rooms. In 2007, QMC leased space previously occupied by its transitional care unit to Radius Specialty Hospital so that Radius could operate a 38 bed LTACH unit under its license. The arrangement also provides for generating ancillary revenue to QMC as a result of the location of the unit. In 2009 QMC initiated a project to significantly renovate its emergency department, which included new patient bays, layout, décor, flooring, and the addition of bedside registration. Recently in 2011, QMC opened two newly renovated surgical specialty clinics, one focusing on breast disease and the other on thoracic surgery, in conjunction with which three Tufts Medical Center physicians – two breast surgeons and a thoracic surgeon – joined the QMC medical staff to perform surgery at QMC on a regular basis.

CHART P QMC – TIMELINE

1890	QMC was founded in 1890 as Quincy City Hospital.
1986	Renovation of the Hospital and build-out of the Hospital tower commenced. Financed by a \$60 million bond issue, insured by FHA.
1989	Six-story tower and back entrance of the Hospital became operational.
1993	The City of Quincy issued, on behalf of Quincy Hospital, \$64.9 million (par value) City of Quincy, Massachusetts Revenue Refunding Bonds, Quincy Hospital Issue Series 1993.
1999	QMC was incorporated in conjunction with a Home Rule petition approved by the City of Quincy and the legislature of the Commonwealth of Massachusetts. With these approvals, QMC completed its transformation from a municipal hospital under the City of Quincy to a new nonprofit organization. QMC entered into a comprehensive clinical and academic affiliation with Boston Medical Center. The Massachusetts legislature approved \$12.1 million to the City of Quincy to be used to make a no-interest loan to QMC (which was later forgiven in 2006).
2000	QMC recruited its first employed hospitalist to admit unassigned patients, patients without an attending physician on staff, and to assist private physicians by performing admissions work ups.
2004	QMC opened its new \$2.7 million CT suite.
2005	Due to lack of federal funding and the completion of the City's financial obligation to QMC under the privatization arrangements, QMC was unable to meet its debt service coverage ratio

	bond covenant. Dr. Gary Gibbons was appointed CEO. Dr. Gibbons was formerly Chief of Surgery.
2006	QMC engaged third party consultants, FTI Cambio, to identify performance improvement opportunities.
2007	QMC leased space previously occupied by its transitional care unit to Radius Specialty Hospital for purposes of operating a 38-bed LTACH. QMC applied for and received a \$2.5 million grant from the State's Essential Health Care Provider Trust Fund, the second highest amount granted by the fund to any hospital in the Commonwealth in 2007. QMC hires permanent CFO and CIO.
2008	Bond re-financing of previous debt and new debt was completed, totaling \$60.25 million. QMC received a second grant from the Essential Health Care Provider Trust Fund totaling \$2.5 million. QMC revitalized its Cardiovascular Center and began treating patients in its new catheterization laboratory utilizing upgraded equipment.
2009	QMC ended its clinical affiliation with BMC and entered into a clinical affiliation with South Shore Hospital. QMC commenced renovations to its ED and enhanced its radiology department, which included a number of upgrades, notably a new MRI, digital mammography, digital radiography, multi-media e-mail reporting system to referring physicians, and established the Center for Healthy Aging.
2010	QMC terminated its affiliation with South Shore. Dr. Gibbons resigned as CEO and John Kastanis joined as Interim CEO. QMC entered into a clinical affiliation with Tufts Medical Center. QMC engaged a third party consultant, Alvarez and Marsal, to identify performance improvement opportunities.
2011	Leveraging its affiliation with Tufts Medical Center, QMC expanded service offerings to include breast surgery, colorectal surgery, and an expansion of vascular surgery, with several other new clinical programs being developed with implementation plans scheduled for 2011 (Sleep Lab, Scholar Program for Primary Care Physicians, Orthopedics, and Cardiology).

B. HOSPITAL FACILITIES

QMC is a full-service institution with a history of providing more than a century of public service Quincy and communities of the South Shore area. QMC has 196 licensed beds, including 156 medical/surgical beds, 14 intensive care beds, four pediatric service, beds, and 22 psychiatric beds. The Hospital currently staffs approximately 91 of its licensed beds. The variance between licensed and staffed beds is due to volume requirements and the shift in healthcare towards more outpatient oriented services. There is ample room for expansion in the Hospital to accommodate future volume increases as QMC seeks to capitalize on its expanded scope of services as a result of its clinical affiliation with Tufts Medical Center.

**CHART Q
BED COMPLEMENT**

Location	Licensed Beds	Staffed Beds
Medical/Surgical	156	68
Intensive Care Unit	14	4
Pediatric Service	4	0
Psychiatric Service	22	19
Total	196	91

The Hospital is located on a 15-acre site and consists of two major buildings and several smaller buildings all of which were constructed or renovated between 1920 and 1990.

**CHART R
OWNED PROPERTIES**

OWNED FACILITIES

Facilities	Gross Square Footage	Year Built
Main Hospital, 114 Whitwell Street, Quincy MA		
<i>A Building</i>	103,305	1990
<i>B Building</i>	73,596	1990
<i>C Building</i>	13,691	1990
<i>East Wing</i>	44,126	1963
<i>West Wing</i>	85,618	1957
<i>Rice Building</i>	18,037	1939
<i>Admin</i>	26,473	1935
<i>MRI</i>	2,572	-
<i>MRI-Building</i>	3,638	-
Total Main Hospital	371,056	
The Rice House, 121-123 Whitwell Street, Quincy MA ¹	5,273	1920
The Gordon House, 120 Whitwell Street, Quincy MA ¹	47,256	1938
Power Plant ²	8,655	1952
Total Facility	432,240	

[1] The Rice House which is across the street from the main Hospital and the Gordon House which is adjacent to the Hospital are not currently in use.

[2] Approximately 1,500 sq. ft. currently in use. The majority of the space is comprised of two decommissioned 1954 Babcock and Wilcox boilers.

CHART S
QMC LAYOUT

<u>Floor</u>	<u>Service</u>	<u>Building</u>
Admin	Admin offices/Finance/IT	Admin Building
Ground	Emergency Department	A Building
	Fast Track	B Building
	CT	West Wing
	Medical Records	B Building
	Central Sterilization	B Building
	Pharmacy	B Building
	General Stores/Loading Dock	B Building
	Materials Management/Maintenance/Biomed/Medical Records	East Wing/Rice
First	Main Lobby/Conference Rooms/Operator/Cashier/Translators/Chapel	A Building
	Lab	B Building
	Human Resources	B Building
	Out-patient Rehab	B Building
	Café/Kitchen	West Wing
	Geriatric Psychology (22 in-patient unit, number includes admin areas)	C Building
	Radiology and MRI	East Wing
	Mammography and Ultrasound	Rice Building
	Registration	Rice Building
Second	Quality and Safety Admin/conference	A Building
	Hospitalist	A building
	Closed In-patient unit (20 bed)	B Building
	Nuclear Medicine/Echo	B Building
	Manet Community Health (leased space)	West Wing
	Dr. Dewire Orthopedic Surgery	West Wing
	Ambulatory Care extended recovery rooms/waiting area	West Wing
	Ambulatory Care and Minor procedure rooms	East Wing
	Veterans Clinic (leased space)	Rice Building
Third	In-Patient (40 Beds)	A Wing
	ICU (14 patient beds)	B Building
	PACU 1	West Wing
	OR (1-7) & Pre-Op	West Wing
	Respiratory	B Building
	OR Reception/Testing	East Wing
	OR Admin/Break/Locker/Changing	East Wing
	Cath Lab	East Wing
	OR (rooms 8-9)	East Wing
	PACU 2	East Wing
Fourth	Occ Health (includes sleep clinic, TB Clinic, etc)	A Wing
	Surgical Specialty Clinic	A Wing
	Pain Clinic	A Wing
	Geriatric Clinic (includes some space leased to physicians)	West Wing
	ED admin and conference space	West Wing
	Adams geriatric (leased space)	West Wing
Fifth	Radius Specialties (Long term care, leased space, 38 beds)	A Wing
	Security/Emergency Management	West Wing
	Transport	West Wing
	ES	West Wing
	Radius Specialties Offices	West Wing
Sixth	In-Patient (40 Beds)	A Wing
	Development	West Wing
	Nursing Admin	West Wing
	Partial Hospitalization Program	West Wing

Key utilization statistics for QMC are illustrated below.

CHART T QMC UTILIZATION STATISTICS

	Fiscal Year ended September 30,			Year to Date:	
	2008	2009	2010	Mar-10 Actual	Mar-11 Actual
Staffed Beds (end of period)					
Medical/Surgical	108	94	94	94	94
Geriatric Psych	22	22	22	22	22
Total	130	116	116	116	116
Discharges					
Medical/Surgical	6,106	6,113	5,580	2,885	2,789
Geriatric Psych	554	491	484	238	236
Total	6,660	6,604	6,064	3,123	3,025
Patient Days					
Medical/Surgical	26,082	25,938	24,426	12,829	12,024
Geriatric Psych	7,391	7,176	7,111	3,540	3,513
Total	33,473	33,114	31,537	16,369	15,537
Average Length of Stay					
Medical/Surgical	4.3	4.2	4.4	4.1	4.0
Geriatric Psych	13.3	14.6	14.7	5.9	5.8
Total	5.0	5.0	5.2	4.4	4.3
Occupancy (% of staffed Beds)					
Medical/Surgical	66.2%	75.6%	71.2%	75.0%	70.3%
Geriatric Psych	92.0%	89.4%	88.6%	88.6%	87.7%
Surgical Procedures					
Inpatient	1,244	1,178	1,081	526	516
Outpatient	2,728	2,701	2,500	1,274	1,181
Other					
Emergency Visits	38,975	38,594	37,896	18,476	18,742

C. HOSPITAL SERVICES

QMC seeks to offer a full spectrum of high quality inpatient and outpatient medical and surgical services with a focus on patient-centered care and clinical excellence. The following is a list of the core services offered by the Hospital in support of its community health mission.

Surgical Care

QMC offers a full range of surgical services including general surgery, anesthesiology and pathology, minimally invasive/laparoscopic surgery, breast (including reconstructive) surgery, colorectal, cosmetic, ear, nose and throat, gynecologic, ophthalmologic, orthopedic, pediatric, podiatric, thoracic, urologic and vascular surgery, and neurosurgery. Surgeons are supported by a department of board certified anesthesiologists from Anesthesia Associates of Massachusetts. In addition to the management of anesthesia for surgical intensive care, the department has several areas of special expertise, including acute and chronic pain management and pediatric and neurological anesthesia.

Cardiovascular Care

The Hospital's Cardiovascular Center (the "Center") provides comprehensive diagnostic services, treatment, and ongoing management of a wide range of cardiac and vascular conditions, including coronary artery disease, congestive heart failure, peripheral vascular disease, stroke and irregular heartbeat. The Hospital is highly regarded for its cardiovascular services and was recognized in 2009 and 2010 by the American Heart Association for achievement in using evidence-based guidelines to provide the best possible care to patients through The American Heart Association/ American Stroke Association's Get With The Guidelines® program. Get With The Guidelines® is a hospital-based quality-improvement program designed to ensure that hospitals consistently care for cardiac and stroke patients following the most up-to-date guidelines and recommendations. The program addresses coronary artery disease, heart failure and stroke. Currently more than 1,400 hospitals participate in the program. Additionally, in 2010, QMC received certification of its Cardiovascular Rehabilitation Program by the American Association of Cardiovascular and Pulmonary Rehabilitation ("AACVPR"). The certification recognizes the QMC Cardiac Rehab Program for its commitment to improving the quality of life by enhancing standards of care.

The Center's scope of diagnostic testing includes:

- Electrocardiography;
- Exercise stress testing;
- Transthoracic echocardiogram;
- Transesophageal echocardiogram;
- Event or Holter monitoring; and
- Diagnostic Cardiac Catheterization.

Patients of the Cardiovascular Center at QMC also have access to the Hospital's full range of diagnostic imaging services, including Magnetic Resonance Imaging (MRI), Positron Emission Tomography/Computed Tomography (PET/CT) Scanning, Computed Tomography (CT) Scanning, vascular testing, and SPECT Myocardial Perfusion Scanning. Through its seamless system of care, patients requiring complex cardiac and cardiothoracic surgeries, such as

angioplasty, stent placements and valve repair are transferred to Tufts Medical Center, a nationally recognized leader in cardiovascular care. Following their procedures at Tufts Medical Center, patients are referred back to their QMC cardiologist for follow up care and treatment in the community.

Stroke Services

Stroke is the third-leading killer and the most common cause of adult disability in the U.S. Every year, more than 750,000 Americans fall victim to a stroke. In 2004, QMC opened its \$2.7 million Computed Tomography Suite, located in close proximity to QMC's Emergency Department, to expedite testing and save precious time in obtaining vital information to treat stroke patients. QMC is certified by the Department of Public Health as a Primary Stroke Service. The designation recognizes QMC's high quality care and established clinical protocols for the diagnosis and treatment of stroke patients. QMC also has 24-hour neurology coverage, which is a vital component to properly diagnose and treat stroke victims.

Vascular and Endovascular Surgery

QMC is committed to staying at the leading edge of prevention, diagnosis and treatment of vascular disorders, including peripheral arterial disease, carotid artery disease, aortic aneurysms and stroke. In 2004, QMC opened a dedicated Vascular Laboratory, offering non-invasive evaluation of vascular disorders. The laboratory's technology includes pulse volume recording equipment to measure blood flow, a new Doppler Ultrasound to detect blockage in the arteries, and a treadmill for post-exercise vascular testing to identify the presence, location and severity of a vascular disorder. Patients also have access to the full scope of diagnostic services provided through the Cardiovascular Center. When surgery is required, QMC brings together specialists from vascular medicine and vascular surgery, radiology, neurology and nephrology. The QMC team can treat many vascular diseases and offers endovascular procedures to open blocked blood vessels.

QMC is continually working to enhance the services it offers to its patients and referring physicians. In February 2011, QMC, through its affiliation with Tufts Medical Center, expanded its surgical capacity and introduced new programs and technologies to provide outstanding care for patients and optimal service to referring physicians. With the addition of two highly skilled physicians, QMC is preparing to offer endovascular aortic aneurysm repair ("EVAR"), a minimally invasive technique that had not previously been available in the Quincy community.

Cancer Care

QMC's oncologists and surgeons are highly regarded for their dedication to providing patients with the best possible cancer care in the community. QMC has received an unconditional three-year approval as a Community Hospital Cancer Program from the American College of Surgeons' (ACoS) Commission on Cancer (COC).

QMC's cancer care services offer compassionate care and diagnostic and treatment services for individuals with all types of cancer. Both surgical and medical treatment modalities are available on site, including chemotherapy. Patients who need radiation therapy receive treatment through the South Suburban Oncology Center, a partnership in which QMC is a 20% limited partner.

QMC's highly trained multi disciplinary cancer care team - which includes medical and surgical oncologists, radiation oncologists, pathologists, diagnostic radiologists, clinical nurses, an oncology nurse navigator, social workers and rehabilitation specialists - works closely with patients and their families to provide expert care through all stages of diagnosis and treatment and is devoted to addressing each patient's physical, emotional and psychological needs. In order to offer greater access to care for patients with breast and lung cancer, in November 2010, QMC expanded its surgical oncology program to include two new clinics – one focusing on breast disease and the other on thoracic surgery. The clinics are a result of QMC's strategic affiliation with Tufts Medical Center. Through the affiliation, three Tufts Medical Center physicians – two breast surgeons and a thoracic surgeon – have joined the QMC medical staff, will see patients in the Hospital's newly renovated Surgical Specialty Clinics and will perform surgery at QMC on a regular basis.

QMC also offers several cancer-focused educational programs, screenings and other outreach programs each year. The cancer care program maintains a Cancer Resource Center, offering patients with cancer and their families a comprehensive health and wellness resource, with particular emphasis on the prevention, diagnosis and treatment of many forms of cancer. The Center features a collection of more than 200 books, videos, brochures and healthcare periodicals.

Diagnostic Imaging

QMC patients have access to imaging equipment including Magnetic Resonance Imaging (MRI), advanced Positron Emission Tomography/Computer Tomography or PET/CT Scanning, digital radiography and a Vascular



Laboratory offering non-invasive diagnosis of vascular disorders. Additionally, the Women's Imaging Center offers women a comfortable, private atmosphere in which to undergo testing such as digital mammography, ultrasound, and bone density. QMC recently added Breast MRI to its full complement of breast imaging capabilities. Using a powerful but harmless magnetic field and radio waves, this technology enables physicians to detect developing diseases or abnormalities earlier than ever. These imaging devices allow doctors to diagnose patients in a timely and effective manner. QMC's Radiology department is entirely digital, using a computerized picture archiving and communication system in place of conventional film. This allows for easy storage and viewing and rapid retrieval.

Clinical oversight and reporting of diagnostic imaging services at QMC are performed by a team of medical professionals including members of QMC and the Boston University Radiology Associates. QMC's Chief of Radiology leads a team of board certified, fellowship-trained radiologists and nuclear medicine physicians skilled in musculoskeletal imaging, PET/CT imaging, neuroradiology, interventional radiology and diagnostic angiography.

Neurology

The neurology service at QMC is staffed by highly trained neurologists and neurosurgeons who work with health providers in other specialties to diagnose, treat and manage conditions such as:

- Cognitive disorders caused by trauma or a degenerative disorder;
- Stroke;
- Multiple Sclerosis;
- Genetic disorders that impact the brain, muscles and nerves;
- Epilepsy;
- Cognitive Disorders Clinic – early diagnoses and treatment using multidisciplinary approach; and
- Alzheimer’s Disease – diagnostic evaluations and clinical research.

Emergency Medicine

QMC’s Emergency Department (“ED”) treated approximately 37,900 patients in 2010. The Hospital’s ED handles all medical emergencies with professional, compassionate care. The breadth of QMC’s up-to-date emergency services includes the immediate delivery of clot-busting medication for heart attacks and strokes, and the use of medical imaging for rapid diagnosis. The ED staff includes:

- Doctors who are trained in emergency medicine and are board-certified (or board-qualified) by the American Board of Emergency Medicine. Many of QMC’s ED doctors serve as faculty at the Boston University School of Medicine;
- Emergency nurses with extensive experience in critical and emergency care for adults and children. Specialty certifications include: Advanced Cardiac Life Support, Pediatric Life Support, Neonatal Resuscitation and the Trauma Nurse Core course;
- A Fast Track service offering expedited, urgent walk-in care for patients with more minor health problems, illnesses or injuries; and
- Information technology designed to offer enhanced care and safety and improved efficiency for patients. This technology, more commonly seen in larger, tertiary medical centers, includes a computerized patient-tracking program, wireless network of computer workstations, automated medication-dispensing devices and Physician Order Management software. This means that despite all the data collected through this technology, the ED at QMC is nearly paperless and was one of the first in the state to apply this technology in its ED.

Intensive & Critical Care

The Hospital offers critical care services to patients admitted to the Intensive Care Unit. The critical care team also responds to patients who became acutely ill or unstable anywhere else within the Hospital. A multidisciplinary team of clinicians with particular expertise in critical care medicine works in collaboration with a patient’s primary physician or surgeon to provide the best possible individualized evaluation and treatment of each person for whom the Hospital cares. The team includes physicians with formal training and board certification in critical care medicine, a nursing staff specializing in intensive care, respiratory therapists, pharmacists, registered dietitians, and physical, occupational, and speech therapists. Additionally, a broad range of physicians from multiple specialties, including cardiology, pulmonary medicine, nephrology, infectious diseases, neurology, anesthesiology, and a variety of surgical subspecialties, routinely participate in the care of seriously ill patients at QMC. QMC also has a Rapid Response Team (“RRT”) that consists of a physician, an intensive care nurse, and a respiratory therapist. The RRT responds within minutes to evaluate patients who appear to be

suffering an acute change in their condition, and this has helped to improve the Hospital's inpatient mortality rate.

Long Term Acute Care Services

Through a lease with Radius Specialty Hospital, QMC's former 38 bed transitional care unit was reconfigured into a 38 bed LTACH unit operating under Radius Specialty Hospital's license. The unit comprises approximately 20,700 square feet located within QMC. QMC and Radius have also entered into an agreement under which QMC generates certain ancillary revenue as a result of the unit's location at the Hospital.

**CHART U
LONG TERM ACUTE CARE HOSPITAL**



Radius Specialty Hospital specializes in managing a smooth transition to hospital-level care for patients who come directly from intensive care units and require an extended stay. A multidisciplinary team approach treats patients with medically complex conditions such as stroke, heart attacks and other cardiac incidents, neurological disorders including spinal cord injuries, orthopedic problems, and complex wound care.

Primary and Geriatric Care

Primary Care

QMC's primary care doctors are the liaison to the Hospital's full spectrum of services. These physicians specialize in Internal Medicine or Family Medicine and provide annual physicals, health screenings based on individual health history, evaluation and treatment, and referrals to specialists when necessary.

Geriatric Care and the Center for Healthy Aging

QMC's geriatricians specialize in helping patients maintain their health and manage chronic health problems that often accompany the aging process. QMC's provides a continuum of programs and services geared specifically to best meet the specialized needs of patients 65 years of age and over. In addition to providing services to an increasingly large population of seniors, QMC's geriatric specialists also care for residents of several nursing homes, continuing care communities, senior housing and assisted living facilities in the service area. Refer to the below chart for additional detail.

**CHART V
EXAMPLE OF QMC SENIOR LIVING FACILITY RELATIONSHIPS**

FACILITY	FACILITY	FACILITY
99 Granite Street	Golden Living	QHA-Tobin Towers
Alliance	Granite Place	Queen Anne
Atria Marina Place	Guardian Center	Quincy Rehab
Bauer House	Hancock Court	Riverbay
Baypointe	Hancock House	Royal
Blue Hills Alzheimers	Hancock Park	Sachem
Bostonian	Harbor House	South Shore Rehab
Braintree Manor	Hearthstone	Southeast Rehab
Cedar Hill	John Adams	Southwood
Champion	John Scott	St Josephs Manor
Colonial	Life Care	The Moorings
Colony House	Marina Bay	West Acres
Coyne	Norwell Knoll	Weymouth Health
Eventide	Parkwell	
Fenno House	Pope	

QMC's Center of Healthy Aging brings together all of the Hospital's geriatric programs and services to deliver seamless, coordinated care for older patients in the Hospital and the community. The Center provides specialized patient care for seniors, a Cognitive Disorders Clinic for patients with neuro - cognitive disorders and an Alzheimer's Center, which focuses on clinical trials.

In May 2010, QMC was recognized for its outstanding geriatric care, receiving the designation as a Nurses Improving Care for Healthsystem Elders ("NICHE") site. NICHE is the largest geriatric nursing program and the only national geriatric initiative to improve the care of older hospitalized adults. Through the Hospital's participation in the NICHE program, QMC is able to offer evidence-based, interdisciplinary approaches that promote positive experiences for the older adults in the Hospital's care, which leads in turn to greater satisfaction rates for QMC's patients and their families. Additionally, in February 2011, QMC was selected as one of 20 sites in the U.S., and the only site in Massachusetts, approved by the FDA for a Phase 2 clinical trial for Alzheimer's disease.

Geriatric Psychiatry

QMC was one of the first providers of Geriatric Psychiatry Services in Massachusetts. The Hospital offers comprehensive, high quality, compassionate psychiatric and medical care for older adults. QMC's expert team of mental health specialists treat patients who are 55 years and older in Quincy Heights, a 22 bed secure, inpatient geriatric psychiatry unit at the Hospital that includes psychiatric assessment, medical assessment and treatment, psychosocial assessment, neuropsychological testing, individual/family counseling, and group therapy.

QMC also provides geriatric psychiatry in the Hospital's partial day program, a short-term, day program designed to help older adults who are experiencing difficulty with common later-life issues. Participants attend three psychotherapeutic group sessions per day to learn new tools for improving health and well-being. In addition, participants meet individually with a psychiatrist to review medication issues and personal concerns and a case manager to plan for ongoing treatment, as needed after discharge.

Pain Management

The Pain Clinic at QMC offers a multi-disciplinary, individualized approach to relieve and treat acute, sub-acute and chronic pain. Treatment offered through the Pain Clinic is designed to ease pain conditions including: arthritis or joint pain, back pain, cancer-related pain, head and neck pain, muscle pain and neuralgia (including shingles, post-injury pain, and post-operative nerve pain). Pain Clinic physicians are board-certified in both Anesthesia and Pain Management and are members of Anesthesia Associates of Massachusetts, PC, which operates pain clinics at six hospitals in Massachusetts. Interventional procedures performed by the board-certified clinic physicians include:

- Epidural Steroid Injections;
- Epidural/Intrathecal Catheter Placement;
- Intercostal Blocks;
- Sacroiliac Joint Injections;
- Sympathetic Blocks; and
- Trigger Point Injections.

Rehabilitation Services

QMC's department of rehabilitation services provides physical therapy, occupational therapy and speech/language pathology services in a spacious, well-equipped facility at the Hospital. QMC's rehabilitation services may benefit patients who experience difficulty with motor function, speech, and/or activities of daily living due to stroke, arthritis, respiratory disorders, chronic pain, neurological disorders, musculoskeletal disorders, neuromuscular disorders, cancer, recent surgery, hand injuries, knee replacements, and hip fractures.

**Sleep Disorders Center**

QMC's Sleep Disorders Center is designed to evaluate, analyze, and treat the range of sleep disorders that prevent many people from getting a good night's sleep. According to the National Institutes of Health, at least 40 million Americans each year suffer from chronic, long-term sleep disorders, and an additional 20 million experience occasional sleeping problems. QMC's Sleep Disorders Center utilizes recording equipment to monitor brain wave activity, breathing efforts, oxygen levels, heart rhythm, eye movements and body activity in order to assist in the diagnosis and subsequent development of a treatment plan for complex sleep disorders. Plans are currently underway to transfer management of the QMC program to the board-certified sleep experts at Tufts Medical Center, who will work with affiliated neurologists, pulmonologists and otolaryngologists.

Occupational Health Services

Occupational Health Services at QMC works with employers to help manage workplace health and safety issues. QMC specialists in occupational and environmental health contract with more than 250 area businesses and municipalities to decrease their costs for worker's compensation by

managing work-related injuries and ensuring workplace safety and injury prevention. Services include:

- Physical examinations, including Department of Transportation (DOT), pre-employment, civil service, fitness-for-duty and return-to-work examinations;
- Drug & alcohol testing;
- Drug testing consortium services;
- Injury management;
- Immunizations and medical surveillance; and
- Customized, on-site health and safety training programs.

Hospitalist Services

The Hospitalist Medicine Program at QMC consists of a team of physicians, nurse practitioners, and a physician assistant who is trained in internal medicine or family medicine and provides round-the-clock specialized care to hospitalized patients. Hospitalists manage each patient's course through the Hospital, coordinating and consulting with primary care physicians and specialists, ordering diagnostic imaging studies and laboratory tests, and closely monitoring the patient's progress. When a patient is ready to leave QMC, the Hospitalist prepares a discharge plan, including written and verbal instructions and any necessary prescriptions. This plan will also include appointments for follow-up with a primary care physician and relevant specialists.

Nutritional Services

QMC provides expert nutritional services. The Hospital was honored in April 2010 when a QMC manager was recognized as the Massachusetts Dietitian of the Year. The Massachusetts Dietetic Association presents this award to one member annually to recognize significant achievement in the field of dietetics.

QMC's registered dietitians work closely with the medical and nursing staff to help patients learn about the dietary changes that will improve their health. Special areas of expertise include: weight management, glucose control for patients with diabetes, cardiac risk management, high blood pressure, high cholesterol, kidney disease, lactose intolerance, nutrition during pregnancy, and nutrition for general health.

Related to these services, the following charts summarize the top 15 diagnosis related groups ("DRGs") by number of cases, for QMC during 2010.

**CHART W
TOP 15 DRGs**

Code	DRG	FY 2010 Patients
603	CELLULITIS W/O MCC	194
392	ESOPHAGITIS, GASTROENT & MISC DIGEST DIS W/O MCC	190
470	MAJOR JOINT REPLACE OR REATTACH OF LE W/O MCC	173
690	KIDNEY & URINARY TRACT INFECTIONS W/O MCC	124
191	CHRONIC OBSTRUCTIVE PULMONARY DISEASE W CC	116
313	CHEST PAIN	107
192	CHRONIC OBSTRUCTIVE PULM DISEASE W/O CC/MCC	105
641	CHRONIC OBSTRUCTIVE PULM DISEASE W/O CC/MCC	101
292	HEART FAILURE & SHOCK W CC	96
871	SEPTICEMIA OR SEVERE SEPSIS W/O MV 96+ HRSW MCC	90
190	CHRONIC OBSTRUC	85
194	SIMPLE PNEUMONI	83
291	HEART FAILURE	82
683	RENAL FAILURE	81
312	SYNCOPE & COLLA	77

D. MEDICAL STAFF

QMC has a well-established medical staff that is subject to applicable Joint Commission standards, Medicare requirements, and state licensing laws. As of FY 2010, there were approximately 340 admitting physicians on the medical staff of QMC. The following chart shows the distribution of admitting physicians with admissions in FY 2010 by department and/or specialty.

**CHART X
PHYSICIAN STAFF***

Physician Specialty	Average	
	Age	Physicians
Cardiology	54	6
Critical Care	43	4
Emergency Medicine	35	1
Family Practice	49	3
Gastroenterology	61	3
General and Vascular Surg	64	4
General Surgery	52	2
Gynecology	49	7
Hematology/Oncology	54	2
Infectious Disease	31	1
Internal Medicine	45	34
Nephrology	51	2
Neurology	40	1
Orthopaedics	50	4
Otolaryngology	50	3
Plastic Surgery	49	1
Podiatry	49	3
Psychiatry	57	3
Pulmonary	68	1
Thoracic Surgery	63	1
Urology	52	10
Vascular Surgery	44	4
Orthopedics	69	3

*Represents admitting physicians with more than one admission in FY 2010.

The average age of the active admitting physicians on the QMC staff is approximately 50 years and the average age of the ten physicians on staff with the most attributed volume during 2010 is 46 years.

**CHART Y
MOST ACTIVE PHYSICIANS**

Category	FY 2010 Admits	Physician	% of
		Average Age	Admissions
Top 5 Physicians	2,096	37	34.7%
Top 10 Physicians	3,238	46	53.6%
Top 15 Physicians	4,019	48	66.5%
Top 20 Physicians	4,613	47	76.4%

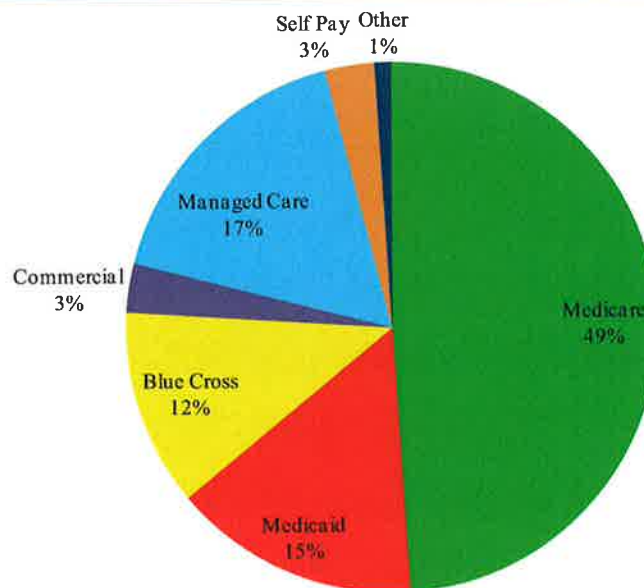
*Represents admitting physicians with more than one admission in FY 2010.

E. PAYOR MIX

QMC is in-network with all of the significant commercial/managed care payors in the market and continually assesses each of its managed care contracts for future favorable negotiated rates. QMC receives payments for services rendered to patients from the Medicare and Medicaid programs, commercial insurers, and patients directly. Generally, net revenue is determined by a number of factors, including payor mix, number and nature of procedures performed and rate of payment for the procedures.

As of FY 2010, approximately 64% of QMC's revenues were derived from the combination of Medicare and Medicaid. Approximately 32% of revenues consisted of Blue Cross, managed care and other commercial insurance, and approximately 3% was derived from self pay.

CHART Z
PAYOR MIX – FY 2010



F. REVENUE CYCLE MANAGEMENT

Substantially all of the Hospital's accounts receivable are related to providing healthcare services to patients. Collection of these accounts receivable is essential to the Hospital's operating performance as it is the primary source of cash. The primary collection risks relate to uninsured patients and outstanding patient balances for which the main insurance payor has paid and the remaining outstanding balance (generally deductibles and co-payments) is owed by the patient.

QMC has a dedicated business office that bills and collects all patient accounts receivable for the Hospital. QMC outsources its physician billing function through McKesson Corporation. Once the account is billed, the collectors will verify that the accounts submitted electronically were received by the payor. Most payors process and pay an account in less than 30 days. Regular

Medicare claims are paid in 14 days. Once the primary payor pays the claim, most claims are automatically crossed over to the secondary payor. QMC's business office handles billing and collection until a receivable becomes 120 days old. At that point, QMC turns its collection over to two professional agencies.

Navigant's Healthcare Consulting team is working closely with QMC's revenue cycle management leadership to implement new practices and employ new revenue cycle information technology which should lead to overall performance improvement. Key elements to Navigant's revenue cycle management program include: systematic reporting and review of collections activity to reduce aged accounts receivable, pricing reviews, implementation of patient discounts to accelerate collection, particularly at time of service, and to address discharged not final billed ("DNFB") activity. Additionally, QMC is joining the The New England Healthcare Exchange Network ("NEHEN"). The NEHEN is a consortium of regional payers and providers that has designed and implemented a secure and innovative health information exchange with the intent of reducing administrative costs of patient care by providing industry benchmarks to guide administrative best practices. The Hospital is also installing Harvest Contract Management System accounting software (owned by MedAssets Net Revenue System, LLC) to help it track expected versus actual reimbursements.

The Hospital continually reviews its reserve for doubtful accounts adequacy by monitoring cash collections as a percentage of net patient revenue, less provisions for bad debts. The following chart is an aging of the Hospital's accounts receivable (gross) as of February 2011.

CHART AA
AR AGING*

	Feb-11	% Total
0-60 Days	\$20,323,866	63.9%
61-90 Days	2,637,145	8.3%
91-120 Days	2,087,282	6.6%
121-180 Days	2,521,514	7.9%
181+ Days	4,227,378	13.3%
Total	\$31,797,184	100.0%

**Reflects gross output from Meditech billing and does not include physician billing.*

The predominance of accounts pursued by outside collection agencies are self-pay and the Hospital expects to collect less than 1% of such amounts, net of estimated collection fees. As these amounts have been written-off, they are not included in accounts receivable or the allowance for doubtful accounts. However, QMC takes into consideration estimated collections of these amounts written-off in evaluating the reasonableness of the allowance for doubtful accounts.

G. INFORMATION SYSTEMS AND CONTROLS

The information systems department is led by a Chief Information Officer, Information Systems employees (seven FTEs), Telecommunications/Concierge employees (6.73 FTEs), and Clinical Engineering Employees (2.5 FTEs). QMC's information technology infrastructure is housed in a central data center and supports all of the Hospital's facilities remotely. This center is equipped

with a dedicated, uninterrupted power source and redundant backup systems. The Hospital has installed and utilizes well-known and established information technology to support its facilities and this strategy has generated decentralized reporting capabilities across all of its facilities. A summary of QMC's key IT systems is provided in the chart below.

CHART AB
IT SYSTEMS/SOFTWARE OVERVIEW

Department	Application Name	Department	Application Name
Admitting	MEDITECH	Medical online resource	UpToDate
Abstracting	MEDITECH	Education/Training	N/A
Medical Records	MEDITECH	GI Provation endoscopy medical record	GI Provation
Order Entry	MEDITECH	Interface engine-HIE practice integration	Forward Advantage
EMR/PCI	MEDITECH	Occupational Health Services	MEDITECH/RandomWare
Departmental (Imaging/Therapeutics)	MEDITECH	Ambifaxing	Forward Advantage
Radiology	MEDITECH	Medical Dictation	Lanier
LAB	MEDITECH	Medical Dictation-Pathology	Lanier
Microbiology	MEDITECH	Medical Records Transcription	MedQuist
Blood Bank	MEDITECH	Hospitalists Voice recognition-Dragon	Nuance-Dragon
Pathology	MEDITECH	Diagnosis Coding	3M
Pharmacy	MEDITECH	Cancer Registry	Impact-Wolters Kluwer
Emergency Department Management (EDM)	MEDITECH	Coding Analyser	3M
Prescription Management (RXM)	MEDITECH	Medical Necessity Checking	Yost
CPOE/Patient Care Manager (PCM) April 2011	MEDITECH	Eligibility checking and claims submission	ClaimsTrust
Nursing/Ancillary Unit Documentation	MEDITECH	Remit software	Beacon Partners
Executive Support System (ESS)	MEDITECH	MD Billing	PerSe
B/AR	MEDITECH	MM EDI	GHX
AP	MEDITECH	MM Price Comparison app	IMS
GL	MEDITECH	ClaimsTrust scrubber (adding payors/upgrade)	ClaimsTrust
FA	MEDITECH	NEHEN eligibility/claims/claim inquiry	NEHEN
Payroll	MEDITECH	Harvest Contract Mgmt-payor modeling	Harvest
Materials Management	MEDITECH	Compass Revenue Cycle Interface	The Advisory Group
Radius - Transitional Care Unit	MEDITECH	Clinical Engineering	MAGIC
General Services/Maintenance	MEDITECH	Telephone/Communications	NEC
Transport/Housekeeping	MEDITECH	Nurse-Call Bedside stations	Signet-Rauland Fall 2010
Disch Instructions/Drug education	MEDITECH EDM/CareNotes	Wireless Campus Phones	Ascorn-Summer 2010
E-RX-Electronic Prescription Writing	NOT AVAILABLE	Food Service	Sodexo software
Data Repository/Decision Support	MEDITECH DR SQL/Medisolv	Conference Room Booking	Outlook/MOX
Community Wide Scheduling	PICIS/MSM	Facilities	MAGIC/GrandPM/Network 8000
Operating Room/PAT/PACU	PICIS/MSM	Vendor Security check-in	Reprax
Ambulatory	PICIS/MSM	HR Benefits	MS Office/MEDITECH
Credentialing	PICIS/MSM	Nurse Staff Scheduling	MEDITECH
GE Endoscopy electronic Documentation system	Wolters Kluwer-Provation	Time and Attendance	N/A
Pharmacy Dispensing Systems	Pyxis	Workmans Comp Resources	PICIS/MSM
EKG Management and Monitoring	MUSE	Hospitalist-Practice Mgmt system	Ingenius
Telemetry/Bedside Monitors	Phillips	Physician Credentialing	PICIS/MSM
Cardiology	OptiMed/Phillips Witt	Market Share Database	Health Info technics
CV/Cath Lab	OptiMed/Phillips Witt	Fund Raising	Razor's edge
Respiratory/Pulmonary Function	-	Policy Manager	Ellucid MCN Policy Manager
EEG	Cadwell	Guest Internet wireless network	Aruba
Holler Monitoring	SpaceLabs/DelmarReynolds	Secure email	Zixcorp
Cardiac Rehab	Quinlon	Planned Giving	PG Calc
PT	Cybex	Quality Report-Hosp/MD Benchmark	Delta Group
PACS Digital Radiology Images	AMICAS PACS	Quality Reporting	Outcome Sciences
NUC MED	AMICAS/HERMES	Public Relations	InDesign/Contribute
Sleep Lab	Sandman	OR Benchmark reporting web site	OR Benchmark-McKesson
Point of Care Testing	Accucheck	Quality Impvnt and Project Mgmt	CMC & Outcome Sciences
HIV Program	GenuWin/Quicken	Patient Feedback System	Rsolutions
Hospitalists Coding/Billing	Ingenious Med/McKesson	Risk Management	MSM/future RLsolutions
Barcode Scanners	JJWild	Electronic Mail/Database	Outlook/MOX
Drug Formulary & Interaction checking	Medispan	FTP	Core FTP Lite
Drug Information (Drugdex/IDNETIDEX/CARENOTE)	Micromedex-HOSTED	Intranet	future-Sharepoint

QMC has made recent significant improvements to its IT systems including:

Physician Improvements

- Implement auto-faxing to physician offices
- Remote physician office access to MEDITECH and PACS
- Implement voice recognition
- Complete PACS viewing station inpatient roll-outs (OR, units)
- ED bedside registration

Nursing Improvements

- Replace & implement Phillips bedside monitoring in PCU/ICU
- Implement NUR staff/schedule system
- Wireless phone system for Campus
- Nurse call bed system

Quality/Safety Improvements

- Go-live with Resolutions feedback application (risk mgmt open)
- Implement GI Provation medical record for endoscopy
- Update patient ID label type for safety

Revenue Cycle

- Compass Hworks Revenue Cycle project – Dashboard Web tool
- Alvarez & Marsal report work

Hospital-wide Improvements

- MEDITECH 5.6.3 version update
- Over 230 PCs, printers, network, data center upgrades to servers and storage
- Outlook email exchange upgrade & expansion
- Remote Citrix access for management and physicians

Additionally, QMC is embarking on a multi-year project to achieve paperless medical records and improve quality and safety at QMC. This project is intended to allow QMC to satisfy the Federal Government's "Meaningful Use" requirements so as to qualify the Hospital to receive approximately \$4.4 million of Medicare incentives (based on FY 2009 discharges) and \$500,000 of Medicaid incentives (based on FY 2009 Medicaid discharges) over a five year period under the HITECH Act.

H. BOARD OF TRUSTEES

QMC is governed by a Board of Trustees (the “Board”) consisting of 11 trustees who serve staggered three-year terms, and meet at least 11 times per year. Current members of the Board are listed below.

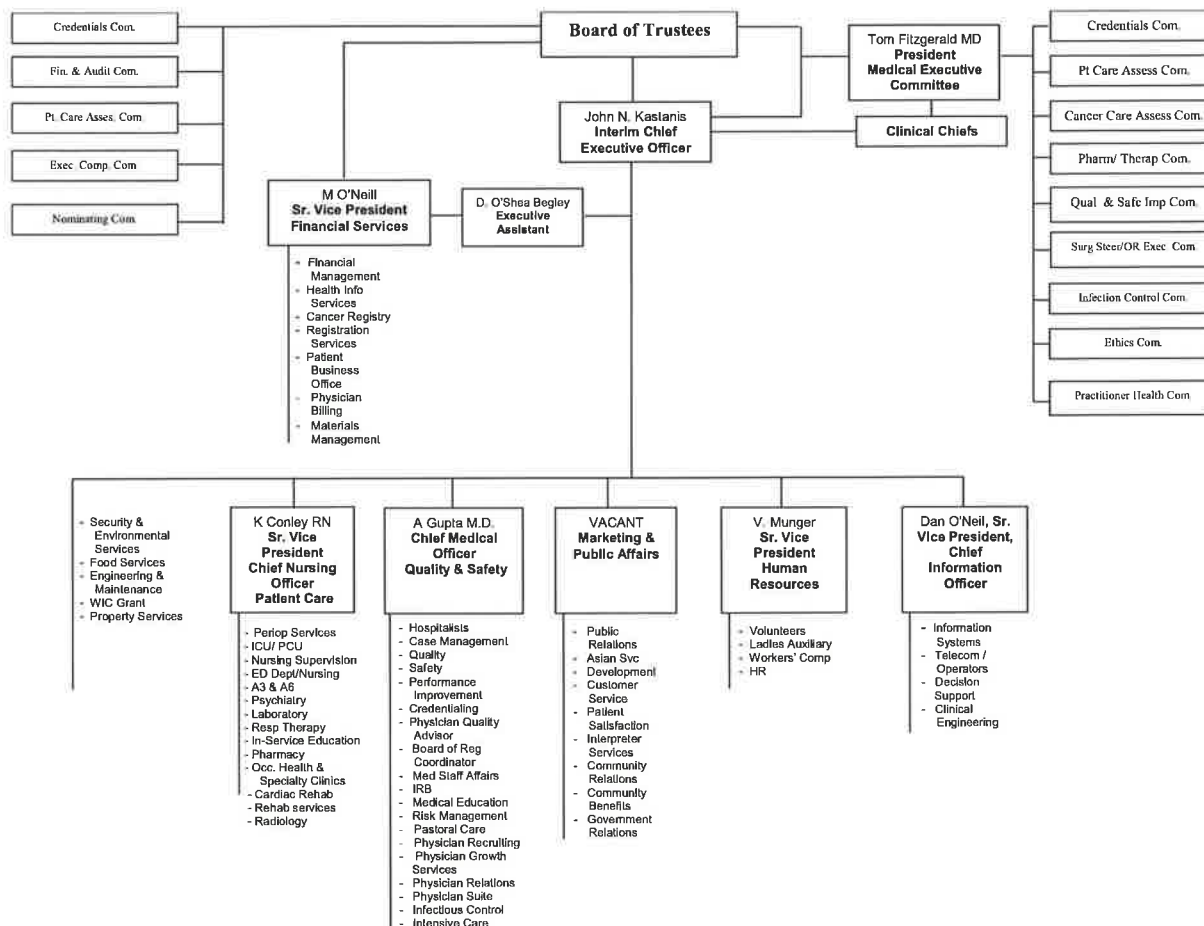
**CHART AC
BOARD OF TRUSTEES**

Name	Position	Principal Affiliation
Grace E. Murphy-McAuliffe	Chairman/Treasurer	VP, Citizens Bank
Richard P. Barry	Clerk	Partner; Barry & Associates
Richard Black, MD	Trustee	Internist; Granite Medical Group
Nissage Cadet, MD	Trustee	Surgeon; QMC
Bob Curry	Past Chairman	Owner; Curry Ace Hardware
John Dalton, MD	Trustee	Internist/Gastroenterologist; QMC
Thomas Fitzgerald, MD	Trustee	President; QMC Medical Staff
Phyllis Godwin	Trustee	Owner & CEO; Granite City Electric Supply Co
Raymond K. Tung	Trustee	SVP, East West Bank
Donald P. Uvanitte	Trustee	VP Sales; Eastern Insurance
Wan Wu	Trustee	Principal; Kam Man Food

I. MANAGEMENT AND EMPLOYEES

The daily operations and management of the approximately 1,034 active employees and overall medical standards of care at QMC are supervised by the senior management team, which possess on average more than 24 years of healthcare experience.

CHART AD
QMC ORGANIZATION CHART



**CHART AE
EXECUTIVE MANAGEMENT**

Name	Position	Age	Years of Experience
John N. Kastanis	Interim CEO	61	33
Mark O'Neill	SVP of Finance/CFO	57	26
Karen Conley, RN, MS, AOCN, NEA-BC	SVP of Patient Care Service & CNO	44	22
Apurv Gupta, MD	Chief Medical Officer	43	17
Victor Munger	SVP, Human Resources	57	24
Dan O'Neil	VP Information Services and CIO	44	22
Sandra McGunigle	Interim Director of Public Relations, Marketing, & Development	45	22

The following provides summary biographical information regarding key members of executive management of the Hospital:

John N. Kastanis, FACHE, Interim Chief Executive Officer

Mr. Kastanis joined QMC as Interim Chief Executive Officer in May of 2010. He has over 30 years of hospital and healthcare executive management experience, including roles as Interim CEO. From December 2008 to January 2010, Mr. Kastanis was Interim CEO at Caritas Healthcare, in Queens New York, a two hospital system (425 beds) and skilled nursing facility (115 beds) not-for-profit, teaching organization. He was retained to oversee the safe and orderly close of the system, including all in-patient and off-site satellite clinic operations, 911 ambulance services, successful transfer of 200 medical residents, and liquidation of all assets. Prior to Caritas Health Care, from 2005 to 2007, Mr. Kastanis was Interim President & CEO of Southampton Hospital, a 168 bed, not-for-profit facility where he led a successful financial stabilization, developed an effective strategic plan, negotiated favorable union contracts, handled a new capital campaign and established a new integrated network of four hospitals. Prior to Southampton, Mr. Kastanis was President and CEO of Hospital for Joint Diseases, a 220 bed, not-for-profit, teaching hospital, affiliated with NYU Medical Center. Under his leadership the hospital consummated several mergers, raised \$18 million in a capital campaign, and generated break-even results in his first year, after multiple years of losses. Mr. Kastanis graduated from Queens College with a B.A. degree in 1972 and earned an MBA in Health Care Administration from Baruch College-Mount Sinai School of Medicine in 1980. Mr. Kastanis is a Fellow at the American College of Healthcare Executives (ACHE), an Advanced Member at the Healthcare Financial Management Association, and a member of the American Hellenic Education and Progressive Association.

Mark O'Neill, SVP of Finance/Chief Financial Officer

Mr. O'Neill joined QMC in November 2007 with a broad scope of financial and operational experience in healthcare. He is responsible for oversight of QMC's financial operations. Prior to his appointment at QMC, Mr. O'Neill spearheaded successful financial turnarounds for a number of healthcare organizations, most recently serving as Senior Vice President and Chief Financial Officer/Chief Operating Officer for Jersey Shore Hospital in Jersey Shore, Pennsylvania. There, his efforts enabled the hospital to post its first positive bottom line in six years and move ahead with needed renovations. Mr. O'Neill had similar success at Westwood/Pembroke Health System, a for-profit, multi-facility system in Boston, where he

served as Chief Financial Officer, and at Lewistown Healthcare Foundation in Lewistown, PA, where as Senior Vice President and Chief Financial Officer, he helped the hospital increase its cash reserves from \$2 million to \$25 million during his tenure. Mr. O'Neill is a graduate of Shippensburg University, Shippensburg, Pennsylvania, with a Bachelor of Science in Business Administration and a Master of Health Services at the University of St. Francis, Joliet, Illinois. He is an advanced member of the Hospital Financial Management Association.

Karen Conley, RN, MS, AOCN, NEA-BC, SVP of Patient Care Service & Chief Nursing Officer

Ms. Conley joined QMC in June 2009 as SVP of Patient Care Services & Chief Nursing Officer. She is responsible for all Patient Care Services including Nursing, Lab, Respiratory, Radiology, Pharmacy, Cardiovascular, Occupational Health, and Psychiatry. Ms. Conley is a member of the senior leadership team and responsible for six direct reports and over 540 FTE indirect reports. At QMC, she created a Clinical Education infrastructure, served as a clinical leader in the development of the QMC Center for Healthy Aging, and designed and implemented a perioperative services redesign resulting in a \$1.4 million annual operational savings. Prior to QMC, Ms. Conley was the Director of Medicine, Surgery, and Critical Care Services at South Shore Hospital from 2005 to 2009. As part of this role, she was nurse leader for the inpatient adult service and responsible for the IV team, Dialysis and Cardiac Catheterization Lab. From 2001 to 2005, Ms. Conley was Nurse Program Manager, Pediatric Oncology, at Dana-Farber Cancer Institute. Ms. Conley earned a B.S. in Nursing from Boston College in 1989 and a Master of Science in Nursing Administration in 1996 from Northeastern University.

Apurv Gupta, MD, MPH, Chief Medical Officer

Dr. Gupta became Chief Medical Director of QMC in June of 2009. He oversees quality improvement, patient safety, risk management, case management, credentialing, and medical education. Dr. Gupta is responsible for regulatory compliance and quality of care for over 400 medical staff. He leads physician outreach and business development opportunities. Dr. Gupta previously was the Interim Vice President of Medical Affairs and Medical Director, Hospitalist Program, at Caritas Norwood Hospital. In the Interim Vice President role, he oversaw practice, regulatory compliance, interdepartmental relationships, and quality of care for more than 500 medical staff. As Medical Director of the Hospitalist Program, Dr. Gupta oversaw operational, administrative, and strategic aspects of the Hospitalist. Dr. Gupta has held consultant roles while working for THINQ Consultants and Altria BPH. Additionally, he was CEO & Founder of MD planet, a technology company with customized management solutions for healthcare organizations. Dr. Gupta holds a B.S. from Brown University, an MPH from Harvard University, and an MD from Brown University. He was a Resident in Internal Medicine at Beth Israel Hospital in Boston and has served on the Medical Staff of Beth Israel Deaconess Medical Center and Caritas Norwood Hospital.

Victor Munger, SVP, Human Resources

Mr. Munger joined QMC in 2010 as Senior Vice President, Human Resources. He has overall functional responsibility for human resource policies, programs, and practices for all Medical Center employees. He provides services in employment/staffing, labor/employee relations, benefits and compensation. Previously, Mr. Munger was Vice President, Human Resources at

Caritas Good Samaritan Medical Center in Brockton, Massachusetts. At Good Samaritan Medical Center, he was responsible for all human resource functions for a 2,000 employee hospital. He also served on the corporate human resources team of Caritas Christi Health Care. Prior to Caritas Good Samaritan Medical Center, Mr. Munger served as the Vice President, Human Resources for UNICCO Service Co., a facilities outsourcing firm with 19,000 employees. He also has served in leadership roles for Permatex, Inc., First Brands, and Union Carbide Corp. His responsibilities included local, national and international functional management in employee and labor relations, compensation and benefits, training, safety, and corporate communications. Mr. Munger holds bachelor's and master's degrees in business administration from Fairleigh Dickinson University in Rutherford, NJ.

Dan O'Neil, SVP, Information Services, and Chief Information Officer

Mr. O'Neil has been SVP, Information Services, and CIO of QMC since October 2008. In this role, he has developed a multi-faceted IT Strategic Plan which includes core infrastructure, applications, physician communication, digital radiology PACS, HITECH EHR Meaningful Use Planning, MEDITECH application optimization, process and workflow improvements, revenue cycle improvements, and integration improvements. Prior to QMC, Mr. O'Neil was VP, Information Systems, at Caritas Christi Healthcare in Brighton, MA from 2002-2008. Mr. O'Neil was responsible for enterprise-wide application selection, implementation, and support for all six Caritas hospitals. Mr. O'Neil earned a B.S. in Engineering from Tufts University in 1989, an MA in Healthcare Administration from Framingham State College in 1993, and an MBA from Boston College in 2006.

Sandra McGunigle, Interim Director of Public Relations, Marketing, and Development

Ms. McGunigle is the Interim Director of Public Relations, Marketing, and Development at QMC. She oversees all public relations and marketing efforts, including joint campaigns with clinical affiliates. Additionally, she supervises the hospital's fundraising efforts, including targeted appeals and special events. She also oversees the hospital's community outreach efforts and Asian Services staff. Prior to her current role, Ms. McGunigle was Public Relations and Marketing Manager at QMC from 2007 to 2010. In this role, she re-established QMC's publication program, served as a media relations contact for the hospital, produced a monthly cable access television show, worked with QMC Development staff to publicize and develop collaterals for fundraising events, and managed outside vendors. From 1989 to 2007, Ms. McGunigle held public affairs and marketing roles at Shriners Hospitals for Children, New England Baptist Hospital, and Southwood Community Hospital. Ms. McGunigle graduated from Suffolk University with a B.S. degree in Communications in 1988.

QMC places a strong focus on continually improving employee satisfaction as QMC retains many long-term employees. As of March 2011, the Hospital employed 1,034 active employees (approximately 744 FTEs). Of these, approximately 75% are in a professional/technical classification, including clinical pharmacist, diagnostic-imaging technologists, rehab therapists of various specialties, respiratory therapists, laboratory technologists and others. In addition, approximately 260 employees are in business services, back office, administration roles.

There are three bargaining units at QMC represented by three major unions: the Massachusetts Nurses Association (“MNA”), Local 1199 Service Employees International Union (“Local 1199 SEIU”), and the Massachusetts District Council of Laborers Local 367 (“LIUNA”).

- MNA - A decision was made by QMC not to extend the contract and currently QMC nurses are working without a contract. There have been multiple bargaining sessions with the union and the next bargaining session is scheduled for late April 2011.
- Local 1199 SEIU – A collective bargaining agreement was extended through October 2011. Bargaining is scheduled to begin in September 2011.
- LIUNA – A collective bargaining agreement was extend through May 2011. Bargaining for a successor agreement is scheduled to begin in late April 2011.

The Hospital provides a range of benefits to eligible employees including health and welfare plans provided under a section 125 cafeteria plan, a 403(b) contributory retirement plan providing for an employer match of 50% of employee deferrals up to 2% of base compensation, a range of employer paid and employee paid life and disability insurance plans and a range of employee discounts.

CHART AF ACTIVE HOSPITAL STAFF

Department	Total
ADMINISTRATION/BACK OFFICE	262
MEDICAL/SURGICAL	143
EMERGENCY ROOM	62
NURSING	59
PSYCHIATRY	53
DIETARY	53
OPERATING ROOM	35
X-RAY	33
LAB	33
PHARMACY	25
TELEMETRY	23
ICU	22
HOSPITALIST	21
OCCUPATIONAL HEALTH/THERAPY	20
AMBULATORY CARE	20
PACU	17
WC PROGRAM	16
RESPIRATORY	16
PHYSICAL THERAPY	16
CARDIAC CATH LAB/REHAB/PULMONARY	14
CAT SCAN	14
MRI	12
EEG/EKG	11
ULTRASOUND	10
O/P-E/R REGISTRATION	9
ASIAN SERVICES	8
MAMMOGRAPHY	5
SPEECH/LANGUAGE PATHOLOGY	5
BLOOD BANK	4
ORTHOPEDIC	4
SLEEP LAB	3
PAIN MGMT CLINIC	3
NUCLEAR MEDICINE	2
CANCER REGISTRY	1
Grand Total	1,034

J. COMMUNITY FOCUS

As a community acute care hospital and one of the largest employers in the area, QMC is a leader in public health initiatives in the City of Quincy and surrounding communities. The Hospital's written mission statement reads:

"To provide the highest quality health care services in a personal, warm and compassionate manner for all residents of our community."

QMC supports local health education programs for children and elders to promote good health and to encourage younger groups to become familiar with health care as a career. Additionally, QMC partners with local schools and colleges to prepare students for their chosen careers by serving as a clinical training site. Community agencies and organizations with which QMC has collaborated include:

- American Cancer Society
- American Heart Association
- Bay State Community Services
- Chinese Golden Age Center
- City of Quincy (including Office of the Mayor, Equal Opportunity Office, Fire Department, Housing Department, Mayor's Crusade Against Cancer, Mayor's Commission on Family, Mayor's Commission on Women, Police Department, Public Health Department, Public Library, School Department, and Veteran's Affairs Office.)
- Manet Community Health Center
- Department of Public Health
- Massachusetts Medical Interpreter Association
- Quincy Access Television
- Quincy Asian Resources, Inc.
- Quincy Chamber of Commerce
- Quincy Community Action Programs
- Quincy Council on Aging
- Quincy Health Wellness and Beauty League
- Senior Resources, Inc.
- South Coastal Workforce Investment Board
- South Cove Community Health Center
- South Shore Chamber of Commerce
- South Shore Elder Services
- South Shore Mental Health Services

QMC has implemented a strategic plan to reduce the barriers to care in its primary service area. Specific programs include:

Women, Infants and Children Nutrition (WIC) Program at QMC provides nutrition counseling and food vouchers to over 5,200 women and children in over seven offices and additional screening events throughout Norfolk and Plymouth counties. The WIC Program collaborates with numerous health and social service agencies to help improve the health and well being of women and



children in the communities it serves.

Quincy/South Shore AIDS Cares (QSSAC) is based at QMC and administered through Manet Community Health Center. The program is focused on reducing the rate of HIV transmission and expanding HIV and AIDS services on the South Shore. Primarily funded by the Department of Public Health, QSSAC offers free and confidential services for South Shore residents infected with or affected by HIV. QSSAC client services include individual case management, housing advocacy, referrals for mental health or substance use counseling, and support services. QSSAC also offers free, confidential HIV testing.

The **Quincy Medical Center Chest Clinic**, a free outpatient clinic serving local vulnerable populations at risk for tuberculosis, opened at QMC in 2006. The Clinic, a collaboration between QMC, the Department of Public Health's Tuberculosis Control Program and local health departments, uses a case management model to ensure that persons at risk for active TB are evaluated, placed on therapy and complete therapy.

The **Veteran's Administration Clinic** at QMC is located on the second floor of the Hospital. The Veteran's Administration Clinic, which opened in July 2000, is designed to serve those veterans living on the South Shore, in Norfolk County and all veterans south of Boston. The Veteran's Administration Clinic is equipped with ample free parking and public transportation and assists veterans not wanting to travel into Boston.



QMC is a long time collaborator with **The Manet Community Health Center, Inc.**, a multi-site community-based health center that serves the broad health needs of South Shore residents through a family practice model of care. The health center is a federally qualified community health center that is fully licensed by the Department of Public Health and accredited by The Joint Commission and the Commission on Laboratory Accreditation. Manet Community Health Center hosts an on-site clinic at QMC, focused on the primary healthcare needs of Quincy's Asian residents, and the referral of urgent care patients without a primary care provider. The practice has two Asian American physicians on staff and has specialized in meeting the needs of the area's growing Asian population with all of the support staff Cantonese-speaking.



South Cove Community Health Center is the premier Asian community health center of Massachusetts, serving approximately 25,000 patients annually. South Cove has had an office in Boston for over 30 years, but opened an office in Quincy in 1996 and expanded in 2001, 2003, and 2007 and there are proposed plans to expand again to a new 19,000 square foot building to meet Quincy's ever growing Asian population. To further its Asian outreach, QMC recently established a referral relationship with South Cove Community Health Center whereby South Cove would refer its patients in the service area in need of hospital services to QMC.



QMC has also furthered its commitment to provide free health screenings, clinical programming and community health education to raise awareness of preventative healthcare, including risk factor reduction, early detection, and overall wellness to its service area residents. Activities include:

- Periodic free cancer screenings
- Periodic free prostate cancer screening, offering participants a free digital rectal exam, performed by a QMC-affiliated urologist, as well as a PSA blood test
- Critical mammography services and breast care services at QMC to uninsured and under-insured South Shore women funded by the Marie A. Curry Fund at QMC, a fund established to honor the memory of Marie Curry, a South Shore resident who lost her battle with breast cancer, and to raise awareness of the importance of early detection of breast cancer
- Training and occupational injury prevention programs for workers in surrounding communities provided by QMC Occupational Health Services staff
- Community lectures with seniors at local Councils on Aging on topics related to elder care, aging, and risk and injury prevention

The Hospital is also integral to the area's disaster preparedness. QMC has collaborated with City, State and federal officials to assure a viable plan to address potential pandemic, natural or bioterrorism disaster. QMC recently participated in several preparedness exercises and training opportunities to ensure that the Hospital is in line with local, regional, statewide and national Emergency Management efforts. Activities include:

- Participation in a communication-based exercise with the PEER (Partnership for Effective Emergency Response) initiative and local Hospitals, EMS and long term care facilities
- Representation at the National Emergency Management Summit in Washington D.C.
- Hosting of a Hospital Incident Command class held for any local partners and the entire QMC leadership team
- Full scale decontamination exercise with the assistance from the Quincy Fire Department, Quincy Police Department and Quincy Public Health
- Radiation exposure exercise and training with participation from FEMA, Pilgrim Nuclear Power Station and the Department of Public Health

K. EDUCATIONAL AFFILIATIONS

As a community acute care hospital, QMC believes that education is vital to the ongoing health and welfare of the community and an essential component of its mission. QMC is committed to providing educational opportunities to further the clinical skills its physicians, nurses, clinicians and staff, while also investing in educational partnerships designed to encourage and equip the next generation of healthcare leaders.

Continuing Medical and Clinical Education

QMC is committed to providing up-to-date, comprehensive educational programming – including continuing medical education programs (“CME”) and clinical education units (“CEU”) – for the Hospital’s affiliated physicians, nurses and staff. QMC’s medical and clinical education curricula are designed to allow its healthcare providers to share and disseminate the latest clinical information and research findings and allows for a greater understanding of the diagnosis and treatment of many medical conditions.

CME Programs – QMC offers monthly Grand Rounds seminars in Medicine, Surgery, Cardiology, Hospitalist Medicine, and Emergency Medicine. These seminars function as educational forums in which medical providers can share and disseminate the latest clinical information and research findings. Topics in this series range from maneuvering through menopause to acute coronary syndromes. Due to these educational activities, the Hospital’s clinicians have continued learning access to innovative procedures and technologies, allowing for a greater understanding of the diagnosis and treatment of many medical conditions, and ultimately contributing to a high standard of patient care.

CEU – QMC affiliated physicians, clinicians and staff, as well as clinicians and educators employed by affiliated practice sites and school systems are invited to participate in the Hospital’s schedule of CME and CEU programming including:

- American Heart Association
- Advanced Cardiac Life Support (ACLS)
- Pediatric Advanced Life Support (PALS)
- Legal and confidentiality issues
- Management of high risk patients

Partnership with Quincy Public Schools

QMC is one of the oldest partners of the Quincy public schools and proud of its efforts to shape the futures of thousands of students over the past 20 years. Through this partnership, the Hospital continues to expose students at all grade levels to the many career paths within a community hospital setting and ensure that students who do choose to work in healthcare are better prepared for their futures.

Through partnership initiatives such as elementary school field trips, job shadowing, internships, and clinical placements, QMC’s nurses, clinicians and staff make a real difference in the future careers of Quincy public school students. In addition, QMC offers flexible volunteer opportunities for high school students looking to round-out their college and scholarship applications. Each year, the QMC Auxiliary awards a college scholarship to an outstanding student volunteer pursuing a career in healthcare.

Through the partnership, nurses and educators employed through the Quincy public school system are encouraged to participate in the Hospital’s clinical education programs. QMC also works with the faculty to help bring classroom lessons to life.

Affiliation with Health-Related Educational Institutions

QMC is committed to inspiring the next generation of healthcare leaders. In addition to its efforts to provide mentoring and professional development opportunities for physician and staff members, QMC also serves as a training site for students of medicine, nursing, radiation technology, surgical technology, physical therapy, occupational therapy, perioperative services, and speech/language pathology. Students training at QMC include representatives from the following programs:

- Boston College School of Nursing
- Boston University School of Medicine
- Boston University College of Allied Health Professions
- Bridgewater State College
- Curry College
- Northeastern University
- Laboure College
- New England Institute of Technology (Surgical Tech)
- Lawrence Memorial/Regis College (Peri Op Program)
- Quincy College
- Simmons College
- Massasoit Community College, and
- Tufts University

QMC Emergency Department physicians provide quality control and continuing education for emergency medical technicians and paramedics in Quincy and Braintree. They also provide training for Fallon Ambulance Service, which delivers emergency responder services in Quincy, Braintree, Weymouth and Milton.

L. CORPORATE COMPLIANCE

QMC is committed to programs, policies, procedures and education to ensure that it, its affiliates, members, directors, officers, independent contractors and employees conduct activities in full compliance with applicable federal, state and local laws and ethical standards. Examples of QMC's compliance program include the following:

- Conduct compliance training for the Board of Trustees, new hires, and periodic retraining for existing employees;
- Ensure conflict of interest attestation forms are updated annually;
- Closely monitor new rules and regulations so that QMC will be ready and able to meet all of its compliance requirements;
- Prepare a compliance newsletter so that employees will be more versed and knowledgeable on compliance issues; and
- Ensure that a compliance hotline is promoted.

The Hospital's compliance function is intended to promote awareness of the requirements of applicable federal, state and local laws and the ethical standards of the organization and to prevent and detect any violations of the laws or standards.

M. GOVERNMENTAL REGULATION AND LICENSURE

The healthcare industry is required to comply with extensive government regulation at the federal, state, and local levels. Under these regulations, hospitals must meet requirements to be certified as hospitals and qualified to participate in government programs, including the Medicare and Medicaid programs. These requirements relate to the adequacy of medical care, equipment, personnel, operating policies and procedures, maintenance of adequate records, hospital use, rate-setting, compliance with building codes, and environmental protection laws. There are also extensive regulations governing a hospital's participation in these government programs. QMC believes itself to be in substantial compliance with current federal, state, and local regulations and standards.

Hospitals are subject to periodic inspection by federal, state, and local authorities to determine their compliance with applicable regulations and requirements necessary for licensing and certification. QMC is currently licensed by the Department of Health, is fully accredited by The Joint Commission, and is qualified to participate in the Medicare and Medicaid programs. It is also accredited by the College of American Pathologists and its MRI and Mammogram imaging services are accredited by the American College of Radiology.

QMC has contracts with various physicians providing for a variety of financial arrangements, including employment contracts, leases, management agreements, and professional service agreements, while maintaining proper standards for compliance with applicable regulations.

N. INSURANCE AND RISK MANAGEMENT

The Hospital maintains insurance coverage with respect to a variety of risks in connection with the operation of the Hospital. QMC does not self-insure or participate in any captive program at this time. The property insurance is written on a "blanket basis" with a total limit of \$260 million (subject to sub-limits), which encompasses all real property, business personal property, and the business income/extra expense of the main Hospital facility at 114 Whitwell Street as well as the 121-123 Whitwell Street building.

The Hospital carries comprehensive general liability and hospital professional liability insurance through ProMutual Insurance Company. Hospital-owned motor vehicle coverage plus non-owned and hired cars liability coverage is carried through American Home Assurance. QMC currently purchases a \$5 million excess/umbrella liability policy through Lexington Insurance Company. The Hospital also carries workers' compensation and employers' liability insurance through the Insurance Company of the State of Pennsylvania and maintains directors and officers legal liability insurance with National Union Fire Insurance company that covers the directors and officers of the Hospital and its subsidiaries with an annual aggregate limit of \$5 million. Refer to the below summary of insurance coverage maintained by the Hospital:

**CHART AG
INSURANCE SUMMARY**

Type of Coverage	Policy Limits	Deductible	Description
Commercial General Liability	\$20,000,000	NA	NA
Commercial Automobile	\$1,000,000	\$500	Liability and physical damage protection for QMC vehicles as well as hired/rented vehicles used in QMC operations.
Directors, Officers and Trustees Liability	\$5,000,000	\$50,000 D&O \$75,000 EPL	Covers liability for services rendered to QMC as well as liability to QMC itself for employment matters.
Excess Liability	\$5,000,000	\$10,000 Self Insured Retention	-
Hospital Professional Liability	\$2,000,000 (Each Claim) \$20,000,000 (Annual Aggregate)	NA	-
Physician Professional Liability	\$1,000,000 (Per Occurrence) \$3,000,000 (Annual Aggregate)	NA	-
Pollution Legal Liability (Claims Made)	\$5,000,000	\$10-\$100,000 for different coverage sections	-
Property Coverage	\$260,010,076	\$50,000 (\$500,000 Flood)	Provides protection against property damage and business interruption costs associated with property damage.
Crime Coverage	\$3,000,000 (Policy Aggregate)	\$5,000	Covers financial exposure from theft and related perils, with the main exposure being employee theft/embezzlement from both the entity as well as patients/clients.
Workers Compensation & Employment Liability	Workers Comp: (MA Statutory Benefits) Employers Liability (\$500,000 per Incident)	NA	

O. ENVIRONMENTAL MATTERS

The Hospital is subject to various federal, state, and local laws and regulations governing the use, discharge, and disposal of hazardous materials, including medical waste products. Compliance with these environmental laws and regulations is not expected to have a material adverse effect on the financial position of the Hospital.

QMC has an asset retirement obligation ("ARO") related to asbestos remediation in accordance with state regulations. A liability of approximately \$2.3 million was recognized in the Hospital's 2010 financial statements for all significant known areas containing an ARO. Any unidentified ARO will be recorded in future periods as a charge to expense in the period in which the ARO was identified. Accretion of the ARO in the amount of \$104,850 was recorded at the end of FY 2010.

P. LEGAL ISSUES

From time to time, the Hospital is subject to civil actions, claims of professional liability or general negligence, medical malpractice, worker's compensation and other legal claims arising in the ordinary course of its operations. QMC Management is not aware of any pending or threatened litigation matter that would have a material impact on the operations or financial condition of QMC relating to these matters.

HISTORICAL FINANCIAL PERFORMANCE

The following chart summarizes QMC's historical operating performance for the fiscal years ending September 30, 2008 to 2010 plus the six month periods ending March 31, 2010. The historical year-end data was abstracted from QMC's audited financial statements, which were prepared by the independent accounting firm of Marcum, LLP. These audited statements are attached in Appendix A. The year-to-date information for 2010 and 2011 is derived from QMC's internally-prepared financial statements.

CHART AH
SUMMARY FINANCIAL DATA (\$ in 000)

\$ in 000s	FY ended September. 30,			6mo ended Mar 31,	
	2008 Audited	2009 Audited	2010 Audited	2010 Actual	2011 Actual
Revenues					
Net Patient Service Revenue	\$96,323	\$101,709	\$97,298	\$49,079	\$48,367
Other Operating Revenue	8,272	7,439	5,287	2,702	2,313
Net assets released from restrictions	365	250	416	0	0
Total Revenue	\$104,960	\$109,397	\$103,002	\$51,781	\$50,680
Operating Expenses					
Salaries and Wages	50,046	53,199	50,027	25,651	24,211
Benefits	10,924	11,011	10,417	5,578	5,377
Physician Fees	7,348	8,499	9,505	5,034	4,610
Supplies and Other	28,117	26,268	26,624	12,445	13,126
Insurance	1,045	1,025	911	485	502
Provision For Bad Debts	3,739	4,401	4,147	1,688	2,164
Total Operating Expenses	\$101,219	\$104,403	\$101,631	\$50,882	\$49,992
EBIDA	\$3,741	\$4,995	\$1,371	\$899	\$689
Margin	3.6%	4.6%	1.3%	1.7%	1.4%
Adjustments					
Restructuring Advisory ⁽¹⁾	192	0	626	101	0
Interim Management	0	0	105	0	20
Legal Fees	103	200	341	82	87
Severance	155	0	907	144	0
IT	613	9	0	0	175
Performance Improvements	0	0	0	0	0
Total EBIDA Adjustments	1,062.9	208.8	1,980.3	327.1	282.8
Adjusted EBIDA	\$4,804	\$5,203	\$3,351	\$1,226	\$971
Margin	4.6%	4.8%	3.3%	2.4%	1.9%

[1] Consists of historical restructuring expenses. \$192K relating to FTI - Cambio in 2008 and \$626K relating to Alvarez & Marsal in 2010 and \$101K for the six months ended March 2010.

Management Discussion & Analysis

Six months ended March 2011 vs. Six Months Ended March 2010

Adjusted EBIDA for the year-to-date period March 31, 2011 decreased approximately \$255 thousand as compared to the same period the prior year. The lower adjusted EBIDA was

primarily a result of lower admissions and outpatient surgeries as well as increases in bad debt due largely to competitive pressures in the Hospital's Service Area. Revenues totaled approximately \$50.7 million for the year-to-date period March 31, 2011, a decrease of 2.1% from the previous year period. Total discharges were 3,025, an approximately 3.1% decrease from the previous year period. Total operating expenses were \$50.0 million for the year-to-date period March 31, 2011, a 1.7% decrease from the same period the year prior. This decrease in operating expenses was primarily due to decreases in salaries and wages as a result of recent reductions in management and a reduction of wages and benefits.

2010

Adjusted EBIDA decreased approximately \$1.9 million from 2009 to 2010 primarily due to a drop in net patient service revenue of approximately \$4.4 million. Net patient service revenue decreased mainly as a result of lower patient volume, patient days, and outpatient surgeries during 2010. Total operating expenses were \$101.6 million, a 2.7% decrease from the year prior. This decrease in operating expenses was primarily due to a \$3.2 million decrease in salaries and wages as a result of recent reductions in management and a reduction of wages and benefits.

2009

In FY 2009, adjusted EBIDA increased to approximately \$5.2 million, up \$400 thousand from FY 2008. Total operating expenses were \$104.4 million, a 3.1% increase from the year prior. This increase in operating expenses was primarily due to executive leadership changes and physician recruitment.

The chart below provides a detailed balance sheet for the fiscal years ending September 30, 2008 to 2010 and for the six months ending March 31, 2011. The historical year-end data was abstracted from QMC's audited financial statements. The March 2011 data is derived from QMC's internally-prepared financial statements.

CHART A1
BALANCE SHEET (\$ in 000)

	2008	2009	2010	Mar-11
Assets				
Cash and Cash equivalents	\$4,760	\$4,799	\$3,026	\$2,939
Patient A/R, net	13,695	14,600	13,994	14,389
Pledges Receivable, net	198	49	67	67
Inventories	937	1,051	973	916
Prepaid Expenses and Other Current Assets	250	323	59	1,133
Other Receivables	471	397	232	0
Funds Held by Trustee for Current Purposes	1,106	1,097	1,376	1,145
Total Current Assets	21,416	22,317	19,728	20,589
Assets Limited to Use				
Investments	13,658	12,063	13,758	9,671
Project Fund	18,838	10,354	6,963	5,335
Funded Interest	4,058	2,123	366	8
Funds Held by Trustee Under Bond Indenture	4,629	4,663	4,798	4,798
State Grant	0	0	0	960
Total Assets Assets Limited to Use	41,183	29,203	25,886	20,771
Other Non-Current Assets	488	747	1,063	1,063
Deferred Financing Costs, Net	850	821	792	777
Property, Plant and Equipment, Net	24,890	31,518	31,894	31,553
Total Assets	\$88,827	\$84,606	\$79,364	\$74,754
Liabilities and Net Assets				
A/P and Accrued Expenses	15,107	11,741	12,843	10,007
Accrued Interest Payable	1,368	845	819	1,142
Accrued Payroll	2,240	2,842	2,475	2,765
Accrued Vacation	3,841	4,151	3,341	3,381
Amount due to Third-Party Payors	1,072	1,593	1,335	2,248
Current Portion of Long-Term Debt	486	728	768	838
Total Current Liabilities	24,114	21,899	21,581	20,381
Asset Retirement Obligation	2,097	2,202	2,312	2,367
Long-Term Debt, Net of Current Portion	57,979	57,250	56,482	55,613
Total Liabilities	84,189	81,352	80,375	78,361
Net Assets (Deficit):				
Unrestricted	2,514	968	(4,307)	(6,903)
Restricted	2,123	2,286	3,296	3,296
Total Net Assets (deficits)	4,637	3,254	(1,012)	(3,608)
Total Liabilities and Net Assets	\$88,827	\$84,606	\$79,364	\$74,754

As of March 2011, QMC had approximately \$74.8 million of assets. This total includes \$2.9 million of cash and cash equivalents, which, together with investments, equates to approximately 37 days cash on hand, less than the 60 days cash on hand bond covenant. As of March 2011, QMC had approximately \$14.4 million of patient accounts receivable, allowing for uncollectible amounts. The mix of receivables from patients and third party payers is primarily comprised of Medicare, Medicaid, and self-pay.

Assets whose use is limited totaled approximately \$20.8 million in March 2011. These include: investments; a Project Fund that was created from the 2008 Series A Bond offering and is used to finance specified projects; funded interest, which consists of a required deposit for interest payments; assets held by trustees under bond indenture agreements; and designated assets set aside by the Board of Trustees for future capital improvements, over which the Board of Trustees retains control and may, at its discretion, use for other purposes. Assets held under bond indenture agreements are restricted for debt services, payment of interest, and for financing capital projects. Total liabilities were approximately \$78.4 million in March 2011 a decrease from FY 2010 primarily due to a decrease in accounts payable and accrued expenses and the reduction in long-term debt.

PROJECTED FINANCIAL PERFORMANCE

The projections in this section were prepared by QMC for the fiscal years 2011-2012. Projections are forward-looking and based upon estimates and assumptions, which are subject to significant economic and competitive uncertainties. While the projections are based upon reasonable assumptions, there can be no assurance that the actual results will not be different from those projected. The chart below highlights QMC's operating performance for the next two fiscal years.

Information for fiscal year 2011 includes six months of actual operating performance through March 2011 and six months of projected data. For FY 2011 and 2012, QMC anticipates generating EBIDA, as adjusted, of \$2.0 million and \$5.0 million, respectively, as the Hospital realizes certain performance improvement initiatives and operational improvement.

CHART A1
PROJECTED FINANCIAL PERFORMANCE (\$ in 000)

	FY ended September, 30,	
	2011	2012
	Projected	Projected
<i>\$ in 000s</i>		
Revenues		
Net Patient Service Revenue	\$98,140	\$103,026
Other Operating Revenue	4,600	4,600
Net assets released from restrictions	0	0
Total Revenue	\$102,740	\$107,626
Operating Expenses		
Salaries and Wages	49,552	51,762
Benefits	11,201	11,993
Physician Fees	9,221	9,283
Supplies and Other	26,076	26,965
Insurance	999	1,015
Provision For Bad Debts	4,241	4,046
Total Operating Expenses	\$101,290	\$105,064
EBIDA	\$1,449	\$2,562
Margin	1.4%	2.4%
Adjustments		
Interim Management	20	0
Legal Fees	87	0
IT	175	0
Performance Improvements	296	2,475
Total EBIDA Adjustments	578.8	2,474.9
Adjusted EBIDA	\$2,028.1	\$5,037.2
Margin	2.0%	4.7%